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In The

Supreme Court of the United States

NOSSAMAN LLP, AU OPTRONICS CORPORATION AND AU OPTRONICS CORPORATION AMERICA, et al.,

Petitioners,

v.

UNITED STATES OF AMERICA,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

PETITION FOR A WRIT OF CERTIORARI

CHRISTOPHER A. NEDEAU
VERONICA L. HARRIS
NOSSAMAN LLP
50 California Street,
34th Floor
San Francisco, CA 94111
(415) 438-7278

KIRK C. JENKINS
Counsel of Record
SEDGWICK, DETERT,
MORAN & ARNOLD LLP
1 N. Wacker Drive,
Suite 4200
Chicago, IL 60606
(312) 641-9050
kirk.jenkins@sdma.com

Counsel for Petitioners Nossaman LLP, AU Optronics Corporation, and AU Optronics Corporation America

QUESTIONS PRESENTED

The questions presented are:

1. Does a grand jury subpoena necessarily take precedence over a stringent civil protective order under any and all circumstances? If not, what factors should a district court consider in weighing the competing interests, and which party has the burden of persuasion?

2. Where documents are located overseas and in the possession and control of foreign corporations, may a federal grand jury expand the geographical limits of its subpoena power by simply subpoenaing all discovery produced in the parallel civil MDL action?

3. Does a rule that a grand jury subpoena supersedes a civil protective order in all cases needlessly restrict the district court's discretion under Rule 17(c)(2) of the Federal Rules of Criminal Procedure to balance the conflicting interests involved in parallel criminal and civil MDL proceedings?

PARTIES TO THE PROCEEDING

Petitioners are AU Optronics Corporation, AU Optronics Corporation America, and Nossaman LLP. Respondent, who was the Appellant in the Court of Appeals below, is the United States.

Additional parties to the proceedings below are White & Case LLP, Toshiba Corporation, Toshiba Mobile Display Co., Ltd. (f/k/a Toshiba Matsushita Display Technology Co., Ltd.), Toshiba America Electronic Components, Inc., Toshiba America Information Systems, Inc., and K&L Gates LLP.

RULE 29.6 CORPORATE DISCLOSURE STATEMENT

Petitioner AU Optronics Corporation ("AUO") is a publicly traded corporation in Taiwan that has no parent corporation, and no publicly held corporation owns 10% or more of its stock. The parent corporation of Petitioner AU Optronics Corporation America ("AUOA") is AUO (L) Corporation. Petitioner Nossaman LLP is a California limited liability partnership that has no parent corporation, and no publicly held corporation owns 10% or more of its stock.

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PETITION FOR WRIT OF CERTIORARI

Petitioners AU Optronics Corporation, AU Optronics Corporation America and Nossaman LLP respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW

The decision of the United States Court of Appeals for the Ninth Circuit is reported at 627 F.3d 1143 (9th Cir. 2010) and is reproduced in Appendix A. (App 1a.) The order of the United States District Court for the Northern District of California was filed under seal on February 11, 2010. (Sealed App. 2.) The "Statement of Reasoning Involved in Court's Order of February 11, 2010" is reported at 2010 WL 1264601 (N.D. Cal. March 29, 2010) and is reproduced in Appendix B. (App. 4a).

JURISDICTION

The decision and judgment of the United States Court of Appeals for the Ninth Circuit were filed on December 7, 2010. No party sought rehearing. Jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTES INVOLVED

Federal Rule of Criminal Procedure 17(c)(2):

Quashing or Modifying the Subpoena.

On motion made promptly, the court may quash or modify the subpoena if compliance would be unreasonable or oppressive.

INTRODUCTION

Certain documents are located overseas, in the possession and control of a foreign-based corporation. The corporation – a defendant in a civil MDL proceeding – is ordered in that proceeding to "immediately produce" those foreign-based documents in the United States, subject to the terms of a stringent protective order that prohibits further disclosure or distribution.

May a Federal grand jury obtain these foreign-based documents by simply subpoenaing them from various law firms representing parties to the MDL action, rather than pursuing the usual avenues for obtaining such foreign-based documents, such as letters rogatory?

The United States Court of Appeals for the Ninth Circuit held that a grand jury subpoena *always* takes precedence over a civil protective order, even when the documents at issue "have been moved from outside the grasp of the grand jury to within its grasp" solely pursuant to court order. The Fourth and Eleventh Circuits earlier applied similar blanket rules in purely domestic cases.

However, the First, Second and Third Circuits take a more nuanced approach. Those courts have held that district courts should balance the competing interests of the grand jury, the civil plaintiffs and the defendants. The First and Third Circuits hold that grand jury subpoenas should take precedence in most (but not all) cases; the Second Circuit holds that civil protective orders should frequently govern.

In recent years, the Antitrust Division has devoted significant resources to investigating purported international price fixing cartels. The important issues squarely presented here will arise again and again:

- What is the proper balance between civil protective orders and grand jury subpoenas, particularly where foreign-based documents are involved;

- Whether a grand jury may await the inevitable filing of parallel civil litigation to extend the *de facto* reach of its subpoena power by subpoenaing foreign-based documents which defendants are ordered to produce in civil discovery;

- How to address the conflict between grand jury subpoenas and the district court's inherent power to manage and supervise complex international civil litigation.

This Court's guidance is urgently needed.

The Ninth Circuit's Opinion "apply[ing] [its] per se rule that a grand jury subpoena takes precedence over a civil protective order" widens a three-way Circuit split, by extending the *per se* rule previously followed by the Ninth, Fourth and Eleventh Circuits for the first time to foreign-based documents and corporations. As a result, this case presents significant legal questions of both national and international importance that should be settled by this Court. As the District Court stated: "the motions to quash raise novel issues with potential far-reaching implications about the power of the grand jury and the relationship between grand jury proceedings and civil discovery of unindicted foreign

defendants." (App. 2a.) The Ninth Circuit's Opinion fails to acknowledge these important issues.

STATEMENT OF THE CASE

A. Factual Background

1. Dozens of Civil Lawsuits Are Filed After an Antitrust Division Investigation is Publicly Revealed

In December 2006, news reports revealed that the Antitrust Division of the United States Department of Justice (the "Division") was pursuing a criminal investigation of the thin-film transistor, liquid crystal panel[1] ("TFT-LCD") industry. In the days and weeks that followed, dozens of civil actions were filed in district courts around the country. These civil actions were indisputably a direct result of the criminal investigation.[2] The Judicial Panel on Multidistrict Litigation transferred the parallel civil cases to the United States District Court for the Northern District of California for coordinated proceedings (the "MDL Action"). *In re: TFT-LCD*

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[1] A TFT-LCD panel is manufactured by placing liquid crystal compound between two pieces of glass called substrates. The resulting panel contains pixels which can be electrically manipulated to form an image. TFT-LCD panels are used in a variety of consumer products, including televisions, computer displays and laptops, and cellular phones.

[2] The District Court noted that the civil MDL herein flowed directly from the grand jury investigation, as often happens under similar circumstances. (Sealed App. 6.) Indeed, Plaintiffs supported their allegations by citing the criminal investigation in their Complaints. *See, e.g., Art's TV & Appliance v. LG Philips LCD Co., Ltd.*, No. 3:07-cv00393 SI (N.D. Cal. Jan. 19, 2007), ¶ 60.

(Flat Panel) Antitrust Litigation, No. 3:07-md-1827 SI, MDL No. 1827 (N.D. Cal.).

2. The Division Intervenes in the Civil Litigation and Requests a Stay of Civil Discovery

The Division moved for leave to intervene in the MDL Action in order to "limit" civil discovery. (Dist. Ct. Dkt. No. 217, Order Granting United States' Motion to Intervene, dated July 10, 2007, at 1.) Once the Division's motion was granted, it moved for a stay of discovery instead. (Dist. Ct. Dkt. No. 990, Motion to Modify September 25, 2007 Stay Order, at 6.)

The Division based its motion to stay on two propositions. First, the Division pointed out that civil discovery is broader than criminal discovery. (*See* Dist. Ct. Dkt. No. 232, Memorandum in Support of Motion to Stay at 1.) It acknowledged that broad civil discovery rules should not be used to get around more limited discovery rules, such as those governing criminal discovery. (*Id.* at 2.)

Second, the Division argued that allowing civil discovery to go forward would put individuals who had not pled guilty to criminal charges in an untenable position. (*Id.* at 4, 6.) Without a stay of civil discovery, such persons would have to choose between asserting their Fifth Amendment privilege against self-incrimination, with the negative inference that comes with that decision, or testifying and running the risk of self-incrimination in the criminal matter. Such a "choice" weighed in favor of a stay of discovery, the Division asserted. (*Id.*)

The Court granted the Division's motion to stay discovery in the MDL Action until May 2008, permitting only limited discovery unrelated to the criminal investigation to proceed. (Dist. Ct. Dkt. No. 300, September 2007 Stay Order ¶ 6.) The Court also granted the Division the right to review, but not copy, the civil discovery to ensure that the parties adhered to the terms of the Stay Order. (*Id.*)

3. The Division Initially Agrees To and Abides By the Civil Protective Order

In December 2007, following its order staying full-scale discovery in the MDL Action, the District Court entered a stipulated protective order (the "Civil Protective Order"). (Dist. Ct. Dkt. No. 421, December 10, 2007 Protective Order.) The Civil Protective Order preserves the confidentiality and limits the use of certain designated documents produced in the civil discovery. (*Id.*) The Order provides that parties may designate their materials as "confidential" or "highly confidential," and strictly limits the persons who may be given access to protected materials. Indeed, under most circumstances, counsel are barred from disclosing documents marked "highly confidential" to their clients. The Civil Protective Order applies to all parties and provides that parties receiving protected material may use the material only "for prosecuting, defending, or attempting to settle this action." (*Id.* at 7.) The Division did not object to these limitations.

In reliance on the protections of the Protective Order, AUO produced documents in court-ordered civil discovery.

Not long after discovery began in the MDL action, the Division requested copies of class certification deposition transcripts and exhibits from the parties. According to the Division, it needed the material in order to ensure compliance with the Stay Order. The Division expressly agreed to accept the material subject to the limitations of the Civil Protective Order: "Since the DOJ is already a party to the above-captioned case, we do not believe this request violates the terms of the Stipulated Protective Order. Moreover, the DOJ agrees to treat all deposition transcripts and exhibits according to the terms of the Stipulated Protective Order." (Letter from Niall E. Lynch to Direct-Purchaser Plaintiffs' Co-Lead Counsel, Indirect Purchaser Plaintiffs' Co-Lead Counsel and Counsel for Defendants, dated March 16, 2009 ("Division's March 16 Letter") at 1.)

4. The Initial Grand Jury Subpoenas Request Domestic Documents Only

Shortly after its criminal investigation became public in December 2006, the Division served grand jury subpoenas on numerous American subsidiaries of TFT-LCD manufacturers. The subpoenas sought production only of documents located in the United States. The Division stated that production of any foreign documents was entirely voluntary.[3] In response to the subpoena, AUOA produced over two million pages of documents located in the United States to the grand jury.

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[3] The cover letter accompanying these initial subpoenas expressly stated: "With respect to any responsive documents located outside of the United States . . . the Antitrust Division requests your cooperation in producing any such documents on a voluntary basis . . . ." (Cover Letter to Subpoenas.)

5. More Than Two Years Later, the Division Seeks Copies of All Foreign Documents Produced in the Civil Action

In May 2009, the Division abruptly abandoned its earlier position that it needed copies of class certification depositions and exhibits solely to ensure compliance with the Stay Order. For the first time, it demanded copies of *all* civil discovery, including foreign-based documents. At no time before making its sudden demand (or indeed, since that time) has the Division tried to obtain foreign-based documents through any of the settled methods: (i) letters rogatory; (ii) requests through treaties, such as mutual legal assistance treaties ("MLATs"), or executive agreements; and (iii) informal diplomatic requests. *See* United States Department of Justice, Criminal Resource Manual §§ 274-278.

The Division moved to modify the Stay Order to obtain copies of all documents produced in the MDL Action. (Dist. Ct. Dkt. No. 990, Motion to Modify.) AUO and other defendants opposed the motion. (Dist. Ct. Dkt. No. 1015, AUO's Opposition to Motion to Modify.) The District Court initially granted the Division's motion to modify. (App. 16a-17a.) However, in response to the defendants' concerns, the Court referred the parties to the Special Master, Retired District Judge Fern Smith, to explore modifications to the discovery plan.

AUO and other defendants moved for a limited stay of foreign-based discovery before Judge Smith. The Special Master expressed serious doubts about the Division's argument that it was not seeking foreign documents, but rather documents now located in the United States: "I am

troubled by this idea that [a defendant] on the one hand can be ordered to bring this stuff into the United States, and then the Government can say, ah-ha you brought it in, now we gotcha." Transcript of Proceedings, *In re: TFT-LCD (Flat Panel) Antitrust Litigation*, No. M 07-1827 SI, MDL No. 1827 (N.D. Cal. Aug. 12, 2009) at 13:7-10.) Noting that the foreign defendants had "vociferously argued against producing either their documents or their employees into this country during this entire litigation," she stated that "[t]he critical issue is whether allowing the DOJ to have copies of foreign discovery brought into the United States *under court order* does indeed grant to the United States foreign discovery that would otherwise be outside the grand jury's subpoena power." (App. 12a (emphasis in original).)

Taking into account the divergent interests of the parties and concerns about the grand jury's jurisdiction, Judge Smith recommended a compromise that continued to allow the Division to review civil discovery, but prohibited it from making copies of the foreign-based discovery of corporations which had never pled guilty to wrongdoing, or making them "available for presentation to the grand jury." (*Id.* at 14a.)

The Division objected to Judge Smith's recommendation and the issue was briefed before the District Court. The District Court rejected the Division's objections, and adopted the recommendation. (App. 9a-10a.)

The Order instructed AUO and others "to immediately produce the overdue foreign discovery and proceed with depositions as anticipated." (*Id.* at 10a.) Compelled by this order, AUO produced foreign-based documents shortly thereafter.

Following the production, counsel for the Division appeared at the office of AUO's counsel and performed a few computerized word searches on the documents, but never reviewed the production in any detail.

6. The Division Issues the Law Firm Subpoenas

After failing to obtain the foreign-based discovery in the MDL Action through modification of the Stay Order, the Division tried another tack. In December 2009, the grand jury issued subpoenas duces tecum to three law firms representing defendants in the MDL Action (the "Law Firm Subpoenas"). One of the subpoenas was served on Nossaman LLP, counsel for AUO.[4]

B. Procedural History

1. The District Court's Decision Quashing the Law Firm Subpoenas

Nossaman LLP and two other law firms representing defendants in the MDL Action moved to quash the Law Firm Subpoenas.

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[4] In December 2009, the grand jury also served subpoenas on K&L Gates LLP, counsel to HannStar Display Corporation, on White & Case LLP, counsel to Toshiba Corporation, Toshiba Mobile Display Co., Ltd. (f/k/a Toshiba Matsushita Display Technology Co., Ltd.), Toshiba America Electronic Components, Inc., and Toshiba America Information Systems, Inc and on Lieff, Cabraser, Heimann & Bernstein, LLP, co-lead counsel for the Direct-Purchaser Plaintiffs in the MDL Action.

After full briefing, the District Court granted the motions to quash.[5] The court pointed out that the Division's decision to seek foreign-based documents by subpoenaing civil discovery in an MDL action was unprecedented. (App. 8a.) The court undertook the formidable task of balancing the interests of the civil litigants, the rights of the non-pleading defendants and the investigative powers of the grand jury.

Like the Special Master, the District Court was "dubious about establishing such precedent, to permit grand juries to obtain foreign discovery for criminal grand jury proceedings when that evidence is present in the United States only as a result of related civil actions." (*Id.*)

The District Court carefully analyzed related legal precedents, including the principal case upon which the Division relied, *In re Grand Jury Subpoena Served on Meserve, Mumper & Hughes*, 62 F.3d 1222 (9th Cir. 1995). The District Court distinguished *Meserve*, pointing out that the Court "did not address the grand jury's authority to subpoena foreign evidence that would otherwise be outside its subpoena power, or the interplay

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[5] The grand jury conducted its criminal antitrust investigation pursuant to Federal Rule of Criminal Procedure 6 and 18 U.S.C. § 3332. The District Court opened three miscellaneous criminal cases to consider the motions to quash the Law Firm Subpoenas. The court had authority to grant the motion under Federal Rule of Criminal Procedure 17(c)(2). The power to do so "exists in the district court of the district where the grand jury sits by reason of its inherent authority to prevent misuse of its own process." *United States v. (Under Seal)*, 714 F.2d 347, 350 (4th Cir. 1983). The district court entered final judgment granting the motions to quash and thus disposing of the cases on February 11, 2010.

between criminal grand jury proceedings and ongoing civil proceedings involving unindicted foreign defendants." (App. 7a-8a.)

Given the court's concerns and the novel and significant issues presented regarding the scope of and geographical limits on grand jury subpoena power, the District Court ultimately granted the motions to quash on February 11, 2010. (*Id.*; Sealed App. 7.) The District Court filed a Statement of Reasoning, explaining its February 11 order, on March 29, 2010. (*Id.* at 4a.)

2. The Decision of the United States Court of Appeals for the Ninth Circuit

The Ninth Circuit reversed. In a two-page opinion, the court applied its "per se rule that a grand jury subpoena takes precedence over a civil protective order." (App. 3a.) According to the Court: "By chance of litigation, the documents have been moved from outside the grasp of the grand jury to within its grasp. No authority forbids the Government from closing its grip on what lies within the jurisdiction of the grand jury." (*Id.*)

C. AUO, AUOA and Six Executives Are Indicted

In June 2010 – after the District Court's order, but before the Ninth Circuit's opinion – AUO, AUOA and six current or former executives of the parent company were indicted in Federal court, charged with price-fixing. (Dist. Ct. Dkt. No. 1837, Letter from United States Confirming Defendants' Initial Appearance, Ex., 1.) Trial is currently scheduled for October 31, 2011. Therefore, issues such as the well-settled limitations on criminal discovery and the inherent conflict between civil

discovery and a rapidly approaching criminal trial are important factors in understanding the potential impact of the Ninth Circuit's opinion.

REASONS FOR GRANTING THE WRIT

A. The Circuits Are Split on the Important Issue of Whether and When a Grand Jury Subpoena Takes Precedence Over a Civil Protective Order

The Protective Order in the MDL Action clearly barred the Law Firms from producing the foreign-based discovery in response to the grand jury's subpoenas. When does a grand jury subpoena take precedence over a civil protective order? That question has deeply divided the Courts of Appeals.

Both here and in an earlier opinion, the Ninth Circuit held that a grand jury subpoena *always* takes precedence. The Fourth and Eleventh Circuits apply the same *per se* rule.

On the other hand, the Second Circuit has held several times that civil protective orders take precedence over grand jury subpoenas absent extraordinary circumstances.

Finally, the First and Third Circuits have held that although grand jury subpoenas will generally govern over civil protective orders, a protective order may be given precedence under appropriate circumstances.

As of the end of Fiscal Year 2007, the Division reported that over fifty sitting grand juries were investigating alleged international price-fixing

cartels.[6] Therefore, the conflict presented in this case, between the interests of a criminal investigation and foreign-based defendants engaged in a parallel civil MDL action, will inevitably recur. Absent this Court's intervention, the resolution of that conflict will depend on the Circuit in which a case happens to arise.

1. The Approach of the Ninth, Fourth and Eleventh Circuits

The sole authority cited by the Ninth Circuit in support of its conclusion that "[t]he subpoenas may be enforced" was the Court's earlier decision in *In re Grand Jury Subpoena Served on Meserve, Mumper & Hughes, supra*, 62 F.3d 1222.

In *Meserve,* various medical insurance companies had sued an insured for fraudulent billing practices. *Id.* at 1222-23. After lengthy discovery, the case was settled, and as part of the settlement, the district court entered a protective order sealing all discovery. *Id.* at 1123. A grand jury subsequently subpoenaed the law firm which had represented one of the insurers, seeking copies of all documents produced in discovery in the settled civil action. *Id.* The plaintiff in the underlying action intervened and moved to quash, but the district court denied the motion. *Id.*

After reviewing many of the authorities discussed below, the *Meserve* court affirmed the district court, holding that "a grand jury subpoena should, as a matter of course, prevail over a protective order." *Id.* at 1226.

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[6] "Recent Developments, Trends, and Milestones in the Antitrust Division's Criminal Enforcement Program" www.justice.gov/atr/public/speeches/232716.pdf.

As the District Court noted: "*Meserve* did not address the grand jury's authority to subpoena foreign evidence that would otherwise be outside its subpoena power, or the interplay between criminal grand jury proceedings and ongoing civil proceedings involving unindicted foreign defendants." (App. 7a-8a.) Because the civil action in *Meserve* had ended, there was no risk that witnesses might be placed in the "untenable position" of having to choose between invoking their Fifth Amendment rights and risking a negative inference in the civil action, or testifying and risking incrimination in the criminal case. Finally, there was no indication in *Meserve* that the Government played an active role in the civil litigation or recognized the authority of the protective order.

Two years before *Meserve,* the Eleventh Circuit decided *In re Grand Jury Proceedings (Williams),* 995 F.2d 1013 (11th Cir. 1993). Like *Meserve, Williams* was an entirely domestic dispute involving an already completed civil action in which the Government was not involved.

Plaintiff in the underlying civil action sued his former employer for unpaid commissions. *Id.* at 1013. Because a grand jury was investigating the plaintiff, he obtained a protective order in the civil action, providing that his deposition testimony could not be used for any other purpose. *Id.* at 1013-14. Following plaintiff's deposition, the civil action settled. *Id.* at 1015. Some time later, the grand jury subpoenaed the court reporter's notes of the deposition, but the district court quashed the subpoena. *Id.*

The Eleventh Circuit reversed, holding that the grand jury's need for information always outweighed the purposes served by civil protective

orders. *Id.* at 1015-16. Further, because the individual was attempting to shield testimony rather than documents from the grand jury, refusing to enforce the subpoena would amount to an improper judicial grant of use immunity, the Court found. *Id.* at 1017-18. Finally, the Eleventh Circuit doubted the workability of a case-by-case approach. *Id.* at 1018-20.

The Fourth Circuit adopted a similar *per se* rule in *In re Grand Jury Subpoena (Under Seal)*, 836 F.2d 1468 (4th Cir. 1988), another purely domestic case relating to deposition testimony. Plaintiffs there filed a civil suit in connection with the collapse of a savings & loan institution. *Id.* at 1469. When plaintiffs noticed the depositions of several officers and employees of the bank and related entities, the deponents obtained a protective order stating that the transcripts could not be given to the grand jury also investigating the bank's collapse. *Id.* The grand jury later subpoenaed the deposition transcripts, but the District Court denied the deponents' motion to quash. *Id.* at 1470.

A split panel of the Fourth Circuit affirmed. *Id.* at 1477. Civil protective orders do not offer significant protection to a deponent's Fifth Amendment rights, the court emphasized, although they may significantly impede a grand jury's criminal investigation. *Id.* at 1471-75. District courts had other tools available to facilitate civil litigation where Fifth Amendment issues arose. *Id.* at 1476-77. Like the Eleventh Circuit, the court held that allowing protective orders to shield deposition testimony from a grand jury amounted to an improper grant of use immunity. *Id.* at 1475. Finally, the court concluded that adoption of a case-by-case rule would impair the usefulness of

protective orders and impede grand jury investigations. *Id.* at 1478.

2. The Second Circuit's Approach

The *per se* rule adopted by the Ninth, Fourth and Eleventh Circuits is in direct conflict with the rule applied in the Second Circuit. In *Martindell v. International Tel. & Tel. Corp.*, 594 F.2d 291, 292 (2d Cir. 1979), a stockholders' derivative suit was filed against certain corporate officers and directors. While the action was still pending, the Government informally sought access to various deposition transcripts involving certain defendants and others in order to facilitate a criminal investigation. *Id.* at 293. After the civil action was settled, the district court denied the Government's motion. *Id.*

The Second Circuit affirmed, holding that "absent a showing of improvidence in the grant of a Rule 26(c) protective order or some extraordinary circumstance or compelling need," a protective order should not be modified or vacated to accommodate the Government's desire to "exploit private discovery conducted by others pursuant to a protective order." *Id.* at 296 & n.5.

The Second Circuit's extraordinary circumstances test attempts to balance society's interest in discovering and prosecuting potential crimes with its interest in "the just, speedy, and inexpensive determination of civil disputes . . . by encouraging full disclosure of all evidence that might conceivably be relevant." *Id.*. at 295. The Second Circuit reasoned that according more weight to civil protective orders is consistent with the civil litigants' reliance on the protective order and the fact that "the Government as investigator has awesome powers which render unnecessary its

exploitation of the fruits of private litigation." *Id.*, at 296 (internal quotations omitted). In the years since *Martindell.*, the Second Circuit has repeatedly reaffirmed and applied its rule. *E.g., In re Grand Jury Subpoena Duces Tecum*, 945 F.2d 1221, 1223-25 (2d Cir. 1991) (declining to follow the Fourth Circuit's *In re Grand Jury* opinion); *Minpeco S.A. v. Conticommodity Servs., Inc.*, 832 F.2d 739, 741-43 (2d Cir. 1987)); *Palmieri v. State of New York*, 779 F.2d 861, 864-65 (2nd Cir. 1985).

The Tenth Circuit's decision in *SEC v. Merrill Scott & Associates, Ltd.*, 600 F.3d 1262, 1272-73 (10th Cir. 2010) suggests that it may adopt the Second Circuit's extraordinary circumstance rule. Although *Merrill Scott* did not involve a grand jury subpoena seeking documents in the face of a civil protective order, the case is indicative of the position the Circuit is likely to take if faced with such facts.

In *Merrill Scott*, the SEC filed suit against a financial consulting firm for defrauding investors. *Id.* at 1266. An investor provided confidential documents to the SEC pursuant to two protective orders prohibiting disclosure of the documents to other government agencies or their use outside of the SEC investigation. *Id.* The Government subsequently intervened to modify the orders to allow disclosure of the documents to other agencies. *Id.* at 1268. The investor opposed the intervention, moving for the return of the protected documents. *Id.* The district court denied the investor's motion and modified the protective orders to allow such disclosure. *Id.* at 1269.

On appeal, the Tenth Circuit reversed. *Id.* at 1271. It stated that protective orders are vital to "'secur[ing] the just, speedy, and inexpensive

determination of civil disputes by encouraging full disclosure of all evidence that might conceivably be relevant.'" *Id.* at 1272 (quoting *Martindell*, 594 F.2d at 295). The court also cautioned that "courts should be wary of retroactive attempts to modify [a protective order] in ways that undermine the justified reliance of a witness" on such an order. *Merrill Scott*, 600 F.3d at 1272 (internal quotations omitted). The Tenth Circuit emphasized the principle underlying the Second Circuit's adoption of the extraordinary circumstance rule: "'[W]itnesses might be expected frequently to refuse to testify pursuant to protective orders if their testimony were to be made available to the Government for criminal investigatory purposes in disregard of those orders.' [*Martindell*] at 295-96." *Id.* And indeed, it held that the Government had not shown an extraordinary circumstance and ordered the return of the confidential documents. *Id.* at 1273.

Under the Second Circuit's extraordinary circumstance rule, the outcome of this case would have been different. Particularly given the Division's stubborn refusal to use any of the long-settled means for obtaining documents located on foreign soil, the Division cannot demonstrate extraordinary circumstances or compelling need. The unprecedented scope of the Division's subpoenas, the foreign origin of the documents, and the Division's acquiescence in the Civil Protective Order would compel affirmance of the district court's order quashing the Law Firm Subpoenas.

3. The First and Third Circuits' Approach

The First and Third Circuits have rejected both the *per se* rule of the Ninth, Fourth and

Eleventh Circuits, and the Second Circuit's rule favoring civil protective orders in most cases.

In re Grand Jury Subpoena, 138 F.3d 442, 443 (1st Cir. 1998) arose from a police beating case. The victim filed a civil suit against the alleged wrongdoers, and a protective order was entered with respect to both personnel information and deposition transcripts. *Id.* After several depositions were taken, the Government successfully intervened in the civil action, and obtained a stay of discovery on the grounds that a criminal grand jury was investigating the beating. *Id.*. Not long after, the grand jury subpoenaed one of the protected deposition transcripts. *Id.*

The First Circuit criticized both the Second Circuit's balancing of competing interests and the inflexibility of the *per se* rule: "[w]e are uneasy with both of these approaches." *Id.* at 444-45. Instead, the court adopted a third approach, holding that a grand jury subpoena should supersede a civil protective order unless the person challenging the subpoena can demonstrate "exceptional circumstances that clearly favor subordinating the subpoena to the protective order." *Id.* at 445.. The court suggested a variety of relevant considerations, including whether the material was available from other sources, the severity of the charges, the interests served by the protective order, and the potential harm to the parties and to society from forced disclosure. *Id.*.

The Third Circuit endorsed the First Circuit's approach in *In re: Grand Jury*, 286 F.3d 153 (3d Cir. 2002). There, an individual filed a civil suit, and the parties negotiated a protective order in order to protect certain personal and corporate financial information. *Id.* at 156. While the civil case was

ongoing, a grand jury commenced a criminal investigation of the plaintiff in the civil action. *Id.* A grand jury subpoena was served on the plaintiff's civil counsel seeking production of depositions and discovery responses from the civil action. *Id.* The civil plaintiff moved to quash, but the district court denied the motion. *Id.* at 157.

The Third Circuit affirmed, holding that there is a "strong presumption" that a subpoena supersedes a civil protective order, which may be overcome by a showing of "exceptional circumstances." *Id.* at 163. The Court endorsed the list of considerations relevant to the balancing test suggested by the First Circuit, stating that the presumption in favor of a grand jury subpoena may be overcome in "the rarest and most important of cases." *Id.* at 162-63.

With approximately fifty sitting grand juries investigating alleged international cartels, it is only a matter of time before the Division once again attempts to take the shortcut it used here, subpoenaing foreign-based documents not through the usual channels, but by piggybacking on private counsel's civil discovery. Six Circuits have taken three distinct approaches to resolving conflicts between civil protective orders and grand jury subpoenas. Under two of those three approaches, the result here would have been different. The Court should grant certiorari and settle this important issue once and for all.

B. The Ninth Circuit's Decision Conflicts with Long-Settled Principles Governing the Geographic Reach of a Grand Jury's Subpoena

Because the Ninth Circuit chose to apply its *Meserve* rule here to the petitioners' foreign-based documents, the Court's decision conflicts with settled principles of law regarding the geographical limits of a grand jury's subpoena power.

Without express statutory authorization, grand jury subpoenas cannot reach documents located overseas. *See, e.g., Commodity Futures Trading Comm'n v. Nahas*, 738 F.2d 487, 493-94 (D.C. Cir. 1984); *see also* United States. Dept. of Justice, Criminal Resource Manual §§ 274-278 (identifying letters rogatory, international agreements and informal requests as acceptable methods for obtaining foreign evidence). No statute authorizes service of a grand jury subpoena on a foreign national in a foreign country.[7] Indeed, any attempt to serve such a subpoena would violate both international and domestic law. *E.g., Commodity Futures Trading Comm'n*, 738 F.2d at 493-94.

A variety of methods exist for the Government to seek foreign-based documents, such as letters rogatory and informal diplomatic requests. These methods were designed to give notice to the foreign sovereign

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[7] There is only one statute that authorizes the service of a grand jury subpoena in a foreign country: 28 U.S.C. § 1783, titled "Subpoena of Person in Foreign Country." *See also* Fed. R. Crim. P. 17(e)(2) ("If the witness is in a foreign country, 28 U.S.C. § 1783 governs the subpoena's service."). That statute, however, applies only to "a national or resident of the United States who is in a foreign country." 28 U.S.C. § 1783(a).

concerning the request for documents within its jurisdiction. *See* Handbook on Antitrust Grand Jury Investigations (American Bar Association, Section of Antitrust Law, 3d ed. 2002) at 281 ("The legal basis for letters rogatory is the principle of comity between nations. A letter rogatory is a formal request from a U.S. court to the appropriate judicial authorities of another country requesting the performance of an act of assistance, which, unless sanctioned by the foreign court, would constitute a violation of the receiving country's sovereignty.")

The established procedures for obtaining foreign evidence are not mere formalities; they are rooted in jurisdictional limits and a history of opposition to the use of invasive discovery tools in a foreign sovereign's territory. For these reasons, to the extent that the Division seeks foreign discovery for a criminal investigation, principles of international comity dictate that the Division should follow established procedures and seek documents directly, in order to give foreign sovereigns notice and the opportunity to object to a request.

The Ninth Circuit's *per se* rule encourages the Division to routinely ignore these settled methods for seeking foreign-based discovery, and instead simply announce an investigation and then wait to capitalize on the domestic civil discovery which is sure to follow. The Government will no longer need to notify foreign sovereigns of its intentions and consider their objections. Such a result conflicts with the important principles of foreign sovereignty and international comity this Court has frequently recognized. *E.g., Hilton v. Guyot*, 159 U.S. 113, 164 (1895). The district court quashed the subpoena, in large part, out of concern over the impact of such a

precedent on foreign sovereignty, but the Ninth Circuit's *per se* rule frustrates these important interests.

C. The Ninth Circuit's Decision Improperly Limits the District Court's Discretion Under Rule 17(c)(2) of the Federal Rules of Criminal Procedure to Balance the Conflicting Interests Involved in Parallel Criminal and Civil MDL Proceedings

Federal grand juries are, of course, a long-standing and important fixture of constitutional law, possessing broad investigatory powers. But as this Court has cautioned, "[t]he investigatory powers of the grand jury are nevertheless not unlimited." *United States v. R. Enters., Inc.*, 498 U.S. 292, 299 (1991). Rule 17(c)(2) of the Federal Rules of Criminal Procedure vests in the district courts the obligation to confine the grand jury's subpoena power to its proper scope by quashing a subpoena if it is "unreasonable or oppressive." *United States v. Bergeson*, 425 F.3d 1221, 1224 (9th Cir. 2005) ("Rule 17(c)(2) confers discretion on the district court to quash a grand jury subpoena if compliance would be 'unreasonable or oppressive.'"); *see also In re Grand Jury Matters*, 751 F.2d 13, 16 (1st Cir. 1984) ("Because [the grand jury's] subpoena power may be abused, Fed.R.Crim.P. 17 gives the district court, on motion, the power to quash or modify a subpoena."). As the Ninth Circuit has explained elsewhere:

> Rule 17(c) requires a discretionary, case-by-case inquiry. There is no rule of law that without some particular factor, the government cannot

> have the subpoena, or that with it, it can. The factors the district court must consider under Rule 17(c)(2) -- unreasonableness and oppressiveness -- cannot sensibly be converted into a mechanical rule enabling an escape from case-by-case judgment.

Bergeson, 425 F.3d at 1225; *see also In re Grand Jury Matters*, 751 F.2d at 19 ("there can be no absolute rule"); *In re Grand Jury Subpoena for Attorney Representing Criminal Defendant (Reyes-Reuena)*, 913 F.2d 1118, 1127-29 (5th Cir. 1990) (finding that the decision to quash under Rule 17(c)(2) requires "careful" analysis of the particular facts of the case).

Unlike the more flexible rules employed by the First, Second and Third Circuits, the *per se* rule applied in the Ninth, Fourth and Eleventh Circuits is contrary to Congress's clear intent, which the Ninth Circuit has previously recognized, that district courts should have the discretion under Rule 17(c)(2) to restrain the grand jury by quashing subpoenas which are unreasonable or oppressive. There is nothing in Rule 17(c)(2)'s language, and Congress has said nothing with regard to the Rule, that would indicate that a district court's discretion is eliminated whenever a civil protective order is in place. Indeed, in many such cases, the district court has already made a careful balancing of the civil litigants' competing interests, making a flexible approach to subpoenas all the more necessary.

This case shows the importance of the district court's discretion to confine the grand jury's power to its proper scope. The criminal and civil cases are continuing in parallel. The civil MDL Action involves the AUO entities, who face a criminal trial in October 2011, as well as additional defendants who have never been indicted. The *per se* rule of the Ninth, Fourth and Eleventh Circuits handcuffs district courts seeking to carefully balance conflicting interests in such circumstances.

Rather than pursuing the foreign-based documents through any of the established methods, the Division caused the grand jury to issue subpoenas on Nossaman LLP and other counsel in the MDL Action. The Division chose this course after participating in the MDL Action and acquiescing in the entry of the Civil Protective Order.

The practice of serving grand jury subpoenas on counsel has been universally condemned by both Justice Department policy and the courts. The Justice Department's policy requires that "all reasonable attempts *shall* be made to obtain the information from alternative sources *before* issuing the subpoena to the attorney, unless such efforts would compromise the investigation or case." United States Department of Justice, United States Attorney's Manual ("USAM") § 9- 13.410(B) (emphases added).

The Ninth Circuit has elsewhere denounced the practice of subpoenaing a party's documents from its attorney, finding it "clearly wrongful." *United States v. Perry*, 857 F.2d 1346, 1348 (9th Cir. 1988) (citing *United States v. Nebbia*, 357 F.2d 303 (2d Cir. 1966)). The court observed that the

practice "has been almost universally criticized by courts." *Id.* "[I]t is viewed as a tool of prosecutorial abuse and as an unethical tactical device US Attorneys employ to go on a 'fishing expedition' with legal counsel without first pursuing alternative avenues to get the information." *Id.*; *see also United States v. Bergeson*, 425 F.3d 1221, 1227 (9th Cir. 2005) (affirming district court's exercise of discretion under 17(c)(2) to quash subpoena served on attorney).

Both the First and Third Circuits have listed various factors which a district court should weigh in balancing the conflicting interests of the grand jury's criminal investigation and the parties to the civil litigation. That balancing is particularly important in the context of complex international multidistrict litigation.

The MDL Action, which is pending before the same District Court which quashed the grand jury's subpoena, consists of nearly 150 consolidated actions, many of them putative class actions. The first cases to be filed have been pending for more than four years, and the defendant TFT-LCD manufacturers are residents of three foreign countries – Japan, South Korea and Taiwan. During that time, the parties negotiated the Civil Protective Order with the Division's knowledge and acquiescence, and the District Court has entered dozens of orders resolving discovery disputes. The inflexible *per se* rule adopted by the Ninth Circuit's opinion unnecessarily restricts courts' authority to supervise such complex MDL actions.

D. The Ninth Circuit's Decision Conflicts with Well-Settled Principles Regarding the Limited Scope of Criminal Discovery

The Ninth Circuit's Opinion also conflicts with the well-settled distinctions between criminal and civil discovery, and particularly, the statutory limits on criminal discovery. As the District Court below recognized, the grand jury's exercise of its subpoena power here is unprecedented. (App. 8a.) At no point before the District Court or the Ninth Circuit has the Division cited a single instance, and Petitioners know of no case, in which it was permitted to obtain the entire discovery record from a civil case, including foreign documents and deposition testimony of foreign witnesses.

Courts have long recognized that the Government may not exploit the liberal civil discovery rules to obtain discovery broader than that available under criminal discovery rules for use in a parallel criminal investigation.[8] *See, e.g., Osband v. Woodford*, 290 F.3d 1036, 1042-43 (9th Cir. 2002) (prohibiting government from using civil discovery in criminal litigation)[9]; Charles A. Wright, Arthur R. Miller & Richard L. Marcus, Federal Practice and Procedure § 2040 (2d ed. 1994) ("[C]ourts do not permit the discovery procedures in federal civil actions to be used merely as a device to obtain evidence for use in some other proceeding in

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[8] The Division itself invoked this law when it first sought a stay of discovery in the Civil Action from the District Court, before it altered course and sought the foreign-originated civil discovery for use in its grand jury investigation.

[9] Notably, the Division quoted from *Osband* in its July 2007 Stay Memorandum to demonstrate the inherent risks in commingling criminal and civil discovery. (*See* Dist. Ct. Dkt. No. 232, Stay Memorandum at 6-7.)

which discovery is less extensive."); *McSurely v. McClellan*, 426 F.2d 664, 671-72 (D.C. Cir. 1970) ("civil discovery may not be used to subvert limitations on discovery in criminal cases, either by the government or by private parties.").

The Ninth Circuit's Opinion raises serious doubts about the continuing vitality of this important limitation on the Government's authority under federal law and will promote gamesmanship in future criminal investigations. Under the *per se* rule pronounced by the court below, the Government can circumvent the limitations on criminal discovery that would otherwise apply by simply waiting to capitalize on private discovery in parallel civil actions; indeed, the Government would be free to encourage a civil defendant that had pled guilty in the criminal action to request specific discovery in the parallel civil action which would otherwise be beyond the reach of a grand jury subpoena. Such Government requests substantially and unnecessarily impede the timely and just resolution of civil disputes.

CONCLUSION

Six circuits have split three different ways over the important question of when a grand jury subpoena should take precedence over a civil protective order. This issue takes on particular importance in the context presented here, where the Ninth Circuit's *per se* rule in effect permits Federal grand juries to extend the geographic scope of their subpoenas worldwide. The petition for writ of certiorari should be granted in order to resolve these important conflicts.

Respectfully submitted.

Kirk C. Jenkins
Counsel of Record
Sedgwick, Detert, Moran
& Arnold LLP

Christopher A. Nedeau
Veronica L. Harris
Nossaman LLP

Counsel for Petitioners Nossaman LLP, AU Optronics Corporation, and AU Optronics Corporation America

APPENDIX A

UNITED STATES COURT OF APPEALS,
NINTH CIRCUIT

No. 10-15758

In re GRAND JURY SUBPOENAS, served on
White & Case LLP, Lieff, Cabraser,
Heinemann, Bernstein LLP,
K&L Gates LLP, and Nossaman LLP,
United States of America,
Appellant.

Appeal from the United States District Court
for the Northern District of California
Susan Illston, District Judge, Presiding

Argued and Submitted Nov. 3, 2010.
Filed Dec. 7, 2010.

Before: JOHN T. NOONAN and RICHARD A. PAEZ,
Circuit Judges, and KEVIN THOMAS DUFFY,
District Judge.*

James J. Fredricks, United States
Department of Justice, Washington, D.C.,
for appellant the United States.

Christopher M. Curran (argued), White & Case LLP,
Washington, DC, John H. Chung, White & Case LLP,
New York, NY, for White & Case LLP, et al.

* The Honorable Kevin Thomas Duffy, United States District Judge for the Southern District of New York, sitting by designation.

OPINION

NOONAN, Circuit Judge:

The United States appeals an order of the district court quashing certain subpoenas directed to the respondent law firms named in the caption of the case (the Law Firms). The subpoenas sought nonprivileged material in aid of a grand jury investigating the clients of the Law Firms. The material had been obtained by the firms as a result of civil discovery in an antitrust suit. Holding that the district court abused its discretion, we reverse its order.

BACKGROUND

In 2006, the United States was conducting an antitrust investigation into alleged criminal conduct. Soon after this investigation became public, a number of civil suits were filed by private plaintiffs against the companies under investigation. These suits were consolidated in the Northern District of California before District Judge Illston. The litigation resulted in the production by the civil defendants of documents originating outside the United States. The documents at issue here came into the possession of the Law Firms in the United States.

In this case the United States subpoenaed these documents. Invoking Federal Rule of Criminal Procedure 17, the Law Firms moved to quash. The district court stated that it found no authority governing the case. It concluded: "However, because the motions to quash raise novel issues with potentially far-reaching implications about the power of the grand jury and the relationship between grand jury proceedings and civil discovery of unindicted foreign defendants, the Court finds it is more prudent to quash the subpoe-

nas and allow the DOJ to raise these issues on appeal to the Ninth Circuit."

This appeal followed.

ANALYSIS

On appeal, the Law Firms argue that the district court exercised its discretion under Fed.R.Crim.Proc. 17 to quash the subpoenas and that the court of appeals should respect its reasonable exercise of discretion. We do not read the district court's decision as an exercise of discretion but as a passing of the decision to this court. We are not reviewing an exercise of discretion but a request for guidance.

[1] No collusion between the civil suitors and the government has been established or even suggested by the Law Firms. Indeed, the district court determined that the government had not engaged in any bad faith tactics. Moreover, the Law Firms do not claim that the documents are privileged. Accordingly, we apply our per se rule that a grand jury subpoena takes precedence over a civil protective order. *In re Grand Jury Subpoena Served on Meserve, Mumper & Hughes*, 62 F.3d 1222, 1226-27 (9th Cir.1995). By a chance of litigation, the documents have been moved from outside the grasp of the grand jury to within its grasp. No authority forbids the government from closing its grip on what lies within the jurisdiction of the grand jury. *See* 18 U.S.C. § 3332.

[2] For this reason, the order of the district court is REVERSED. The subpoenas may be enforced.

APPENDIX B

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT
OF CALIFORNIA

No. M 07-1827 SI
MDL. No. 1827

IN RE: TFT-LCD (FLAT PANEL)
ANTITRUST LITIGATION

This Order Relates to:
ALL CASES

STATEMENT OF REASONING INVOLVED IN COURT'S ORDER OF FEBRUARY 11, 2010

The Court issued an order, filed under seal, on February 11, 2010. The Government objects to a request made by certain defendants to unseal that order. The Government asserts that unsealing the order would violate Rule 6(e)(6) of the Federal Rules of Criminal Procedure, which governs grand jury proceedings. The Government adds, however, that "the Court is fully aware of its legal reasoning and is at liberty to draw upon and even share its reasoning in the context of the civil dispute." The Court does so here.

BACKGROUND

Shortly after the civil cases were transferred to this district for multidistrict proceedings, the Department of Justice sought to intervene in the MDL for the purpose of seeking to limit discovery in the civil actions. By order filed July 10, 2007, the Court permitted the DOJ to intervene. The DOJ then moved to stay civil discovery on two grounds. First, the DOJ asserted that because civil discovery is broader than criminal discovery, there was the risk that parties in the civil action would be able to discover sensitive information about the grand jury investigation through civil discovery. Second, the DOJ argued that if civil discovery proceeded in tandem with the grand jury proceedings, employees of the companies under investigation could be placed in the untenable position of having to choose between asserting their Fifth Amendment right against self-incrimination in a civil deposition, with the negative inference that comes with that decision, or testifying in a civil deposition and running the risk of self-incrimination in the criminal matter. The Court granted the DOJ's motion to stay discovery until May 2008, but permitted certain limited categories of non-grand jury discovery to proceed. The stay order permitted the DOJ to review but not copy all discovery produced by a party. Docket No. 306 in M 07-1827 SI. In May 2008, the stay order was revised to permit certification discovery.

The parties in the MDL negotiated a protective order to preserve the confidentiality of the documents produced pursuant to civil discovery. The December 10, 2007 stipulated protective order provides that the parties may use civil discovery materials "only in connection with this [civil] action for prosecuting,

defending, or attempting to settle this action." In 2009, the DOJ sought to modify the September 2007 stay order to allow the DOJ to copy, and not just review, all documents produced in the MDL. The Court initially granted the motion, but in response to concerns raised by defendants, referred the parties to the Special Master to explore modifications to the discovery plan. After briefing and a hearing, the Special Master recommended that DOJ be permitted to review all civil discovery, but prohibited from making any copies of the overseas discovery, including deposition transcripts, of the unindicted defendants. The Special Master found that the DOJ's request for all civil discovery would expand the DOJ's subpoena power beyond its current geographical limits. The Special Master stated that "[t]he critical issue is whether allowing the DOJ to have copies of foreign discovery brought into the United States *under court order* does indeed grant to the United States foreign discovery that would otherwise be outside the grand jury's subpoena power," and she noted that the foreign defendants had "vociferously argued against producing either their documents or their employees into this country during this entire litigation." Report & Recommendation Re: Toshiba Entities' Motion for Modifications to the Discovery Schedule and Plan at 2:25-26 (emphasis added). The Special Master found that "those defendants are still guaranteed certain protections regarding criminal proceedings and those protections must be safe-guarded, so that the government does not overstep its power, intentionally or otherwise." *Id.* at 3. The Special Master was also concerned that any criminal indictments that flowed from the grand jury's review of overseas documents produced in the civil matter could be subject to challenge. This Court adopted the Special Master's

R & R in an order filed October 20, 2009. That order provided that "the United States shall be limited to reviewing access only, without the right to copy foreign documents and deposition transcripts of foreign national employees of the Toshiba Entities and AUO, as well as the other non-indicted foreign defendant (such as . . . Hannstar Display Corporation)."

DISCUSSION

The central question considered in the February 11, 2010 order was whether a grand jury may subpoena foreign-based documents that would otherwise be outside the geographic scope of its subpoena power, but that are located in the United States by virtue of the civil discovery in a related MDL proceeding. The documents in question might otherwise be obtained by (1) letters rogatory, (2) requests made under executive agreements or treaties, such as mutual legal assistance treaties, and (3) informal means.

The Court considered *In Re Grand Jury Subpoena Served on Meserve, Mumper & Hughes*, 62 F.3d 1222 (9th Cir. 1995), to determine whether the grand jury might have the authority to subpoena such foreign documents. In *Meserve*, the Ninth Circuit established a *per se* rule that protective orders cannot shield discovery from grand jury subpoenas, and the court held that a criminal grand jury could subpoena documents that were subject to a protective order in a closed civil case. *Id.* at 1226. While there is broad language in *Meserve* regarding the power of the grand jury, *Meserve* did not address the grand jury's authority to subpoena foreign evidence that would otherwise be outside its subpoena power, or the interplay between criminal grand jury proceedings and ongoing civil proceedings involving unindicted

foreign defendants. It often happens that civil cases are filed on the heels of an announcement about a criminal grand jury investigation, and related foreign-based evidence and depositions may be present in the United States solely because of the civil discovery. Ordinarily a grand jury would be required to obtain foreign material through letters rogatory or other methods. The Court did not find precedent in the case law, and was dubious about establishing such precedent, to permit grand juries to obtain foreign discovery for criminal grand jury proceedings when that evidence is present in the United States only as a result of related civil actions.

The Court felt it possible that such actions might ultimately jeopardize the criminal proceedings. The Court therefore found it is prudent allow the appellate process to establish such precedent if appropriate.

Dated: March 29, 2010

/s/ SUSAN ILLSTON
SUSAN ILLSTON
United States District Judge

APPENDIX C

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT
OF CALIFORNIA

No. M 07-1827 SI
MDL. No. 1827

IN RE: TFT-LCD (FLAT PANEL)
ANTITRUST LITIGATION

This Order Relates to:
ALL CASES

ORDER DENYING UNITED STATES' OBJECTIONS TO SPECIAL MASTER'S AUGUST 24, 2009 REPORT AND RECOMMENDATION; ADOPTING REPORT AND RECOMMENDATION

On October 9, 2009, the Court heard argument on the United States' objections to the Special Master's August 24, 2009 Report and Recommendation Re: Toshiba Entities' Motion for Modifications to the Discovery Schedule and Plan. The Court DENIES the United States' objections and hereby ADOPTS the Report and Recommendation. As set forth in the Report and Recommendation, the United States shall be limited to reviewing access only, without the right to copy foreign documents and deposition transcripts of foreign national employees of the Toshiba Entities and AUO, as well as the other non-indicted foreign defendants (such as the Chi Mei defendants and

Hannstar Display Corporation). In accordance with the Report and Recommendation, Toshiba and AUO are ordered to immediately produce the overdue foreign discovery and proceed with depositions as anticipated.

The Toshiba entities also seek an order prohibiting the Department of Justice from issuing subpoenas for the foreign documents. The Court DENIES that request. If and when the DOJ seeks to enforce existing subpoenas, or issues new subpoenas seeking the foreign documents, the matter will then be ripe for decision. Alternatively, the Toshiba entities seek a stay on foreign discovery. The Court DENIES that request because a stay would be unfair to the civil plaintiffs whose discovery from Toshiba has already been delayed for over a year.

Accordingly, the Court DENIES the DOJ's objections (Docket No. 1258) and ADOPTS the Report and Recommendation (Docket No. 1223). The Court also GRANTS the Toshiba Entities' motion for leave to file a response to the direct purchasers plaintiffs' response, and that response shall be considered part of the record. (Docket No. 1315).

IT IS SO ORDERED.

Dated: October 20, 2009

SUSAN ILLSTON
SUSAN ILLSTON
United States District Judge

APPENDIX D

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA,
SAN FRANCISCO DIVISION

Master File No. M07-1827 SI
MDL No. 1827

IN RE: TFT-LCD (FLAT PANEL)
ANTITRUST LITIGATION

This Document Relates to:
ALL ACTIONS

REPORT & RECOMMENDATION RE:
TOSHIBA ENTITIES MOTION FOR
MODIFICATIONS TO THE DISCOVERY
SCHEDULE AND PLAN

On June 19, 2009, the District Court heard argument on the United States' motion to modify the Court's September 25, 2007 Order by permitting the DOJ Antitrust Division to receive copies of all discovery in this civil matter, including deposition transcripts. The Court's earlier order had permitted the DOJ to review but not copy that discovery. Civil Defendants Toshiba and AUO were the only parties to oppose the motion.

After briefing and oral argument, the Court granted DOJ's motion, finding that "the DOJ does not seek to compel foreign discovery that would otherwise be outside the grand jury's subpoena power, but instead

seeks copies of evidence brought into the United States as part of discovery in this case." (See Court's Order of June 24, 2009.) The Court then stated that "it may be appropriate to explore modifications to the discovery schedule and plan," referring such matter to the undersigned. Toshiba responded by filing a letter brief before the Special Master on July 15, 2009, to which AOU joined but made no separate arguments.

The relief asked for was a stay of production of the Toshiba Entities' overseas documents and the merits depositions of their overseas employees.

Both direct and indirect Plaintiffs filed oppositions. Because the Special Master believed that Toshiba had raised a colorable argument, not specifically addressed by the Court's June 24 Order, an in-person hearing was held on August 12, 2009, before the Special Master, to which the DOJ was requested to appear. The DOJ appeared at the hearing and also filed a follow-up letter brief on August 17, which has been read and considered. (The issue of whether the DOJ should have been served with the Toshiba motion is not material and need not be addressed.)

The critical issue is whether allowing the DOJ to have copies of foreign discovery brought into the United States *under court order* does indeed grant to the United States foreign discovery that would otherwise be outside the grand jury's subpoena power. The Special Master is cognizant that Judge Illston's conclusion in her June 24 Order appears to answer that question in the negative, and it is not within my authority or my intent to countermand her findings. My recommendations are offered for her consideration only. There is reason to believe, however, that there are distinctions to be made in this specific

instance that were neither addressed in the authorities cited, nor argued to the court.

It is not disputed that foreign discovery is generally outside the United States subpoena power in criminal proceedings. The authorities for that were cited and well argued in the DOJ's June 19 Motion and need not be set forth again. The DOJ is also correct in its argument that once foreign companies and individuals "choose to avail themselves of United States' courts and bring evidence from overseas into the United States, the grand jury is entitled to subpoena it." (US Reply to AUO and Toshiba's Opposition to US Motion to Modify the Court's September 25, 2007 Order).

The problem here is that Defendants did not "choose to avail themselves" of the US courts or voluntarily "bring evidence from overseas into the United States." Rather they were hauled, kicking and screaming, into our courts and have vociferously argued against producing either their documents or their employees into this country during this entire litigation. That resistance has been difficult for Plaintiffs and for the Court, and has resulted in expensive and time-consuming discovery disputes. Colorable arguments can and are made that, having put their products into the American stream of commerce and having made significant profits from so doing, resisting civil litigation over those products in our courts is unjustified and an abuse of our judicial system. Be that as it may, those defendants are still guaranteed certain protections regarding criminal proceedings and those protections must be safeguarded, so that the government does not overstep its power, intentionally or otherwise.

At the same time, Plaintiffs in this civil litigation have been significantly delayed in seeking resolution of their claims, primarily due to issues related to the parallel government investigation. To re-impose a further stay on discovery at this late stage seems unfair to them. The question then is whether there is some procedure that is reasonably responsive to the positions of all sides.

Because this issue arises out of the governments June motion to modify, it is useful to look at the reasons for its request. The government already had the right to review, but not copy, all discovery in this matter. The only argument it gives for needing actual copies is one of convenience. i.e. that "the large amount of discovery, including over 100 deposition transcripts, will make in-person review of these materials at an off-site location impractical and inefficient" and that it "would be less burdensome for the DOJ to make copies of the documents and review them in its own office." Although true, we are considering now only a small sub-set of that discovery, i.e. foreign documents of unindicted Defendants Toshiba and AUO that are brought into the United States by court order and deposition transcripts of foreign national employees from those same defendants. Other than inconvenience, the government has cited no prejudice to its interests from the earlier procedure of limited access. Nor is there any prejudice to Plaintiffs from maintaining that earlier status. Finally, as long as copies of its foreign discovery are not available for presentation to the grand jury, the prejudice to defendants, if any, appears minimal.

For the reasons stated, the Special Master recommends that the Court modify its Order of June 24, 2009, to limit the United States to reviewing access

only, without the right to copy foreign documents and deposition transcripts of foreign national employees of the Toshiba Entities and AUO, brought into the United States under court order in this civil litigation. A protective order should also issue, protecting this limitation from production by other parties. (Information about Toshiba and/or AUO contained in documents and depositions of other parties would not be covered by this order.) It should be noted that the DOJ argued at the hearing that it could then subpoena the subject documents and that its subpoena power would "trump" any Protective Order issued by this court. That issue is not ripe for decision at this time.

Once the Court has ruled on this Report and Recommendation, Toshiba and AUO should immediately produce the overdue foreign discovery and proceed with depositions as anticipated. As always, should the Court have any questions, I am available to respond further.

Respectfully submitted,

HON. FERN M. SMITH (RET.)
HON. FERN M. SMITH (RET.)
SPECIAL MASTER

DATED: AUGUST 24, 2009

[PROPOSED] ORDER

Good cause appearing, the Court hereby adopts the Special Master's Report and Recommendation.

DATED: _____
HON. SUSAN ILLSTON
UNITED STATES DISTRICT COURT

APPENDIX E

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT
OF CALIFORNIA

No. M 07-1827 SI
MDL. No. 1827

IN RE: TFT-LCD (FLAT PANEL)
ANTITRUST LITIGATION

This Order Relates to:
ALL CASES

ORDER GRANTING UNITED STATES'
MOTION TO MODIFY THE COURT'S
SEPTEMBER 25, 2007 ORDER

On June 19, 2009, the Court heard argument on the United States' motion to modify the Court's September 25, 2007 Order Granting United States' Motion to Stay Discovery. (Docket No. 990). The September 25, 2007 order permits the Department of Justice, Antitrust Division to review all discovery in this matter. DOJ seeks to modify the order to permit DOJ receive copies of all discovery in this matter, including deposition transcripts.

The motion is unopposed by plaintiffs and all defendants except the AUO and Toshiba defendants. The Court does not find appropriate AUO's proposal to allow questioning of deponents regarding the grand jury proceedings or the witnesses' testimony.

As the government notes, witnesses may voluntarily disclose information about the grand jury proceedings and their testimony, and the current limitations only prohibit attorneys from compelling testimony in a deposition.

The Court is also not persuaded by the objections raised by Toshiba, and finds that the DOJ should be permitted to receive copies of the documents and transcripts in these proceedings. *Cf. In re Grand Jury Subpoena Served on Meserve, Mumper & Hughes*, 62 F.3d 1222, 1224-26 (9th Cir. 1995). The DOJ does not seek to compel foreign discovery that would otherwise be outside the grand jury's subpoena power, but instead seeks copies of evidence brought into the United States as part of discovery in this case. As discussed at the June 19, 2009 hearing, it may be appropriate to explore modifications to the discovery schedule and plan, and if the Toshiba defendants (or any other parties) wish to do so, they should meet and confer and discuss the matter with Judge Smith.

IT IS SO ORDERED.

Dated: June 24, 2009

SUSAN ILLSTON
SUSAN ILLSTON
United States District Judge

SUPREME COURT U.S.
FILED
MAY 26 2011
OFFICE OF THE CLERK

Nos. 10-1147 and 10-1176

In the Supreme Court of the United States

WHITE & CASE LLP, PETITIONER

v.

UNITED STATES OF AMERICA

NOSSAMAN LLP, ET AL., PETITIONERS

v.

UNITED STATES OF AMERICA

ON PETITIONS FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF FOR THE UNITED STATES IN OPPOSITION

NEAL KUMAR KATYAL
Acting Solicitor General
Counsel of Record
CHRISTINE A. VARNEY
Assistant Attorney General
JOHN J. POWERS, III
JAMES J. FREDRICKS
Attorneys
Department of Justice
Washington, D.C. 20530-0001
SupremeCtBriefs@usdoj.gov
(202) 514-2217

QUESTIONS PRESENTED

1. Whether a civil protective order that permits disclosure of discovery materials at trial, in support of motions, and to state attorneys general provides a basis for quashing federal grand jury subpoenas seeking non-privileged, pre-existing corporate documents provided in civil discovery to class action plaintiffs (Nos. 10-1147, 10-1176).

2. Whether a grand jury subpoena may be quashed because it seeks documents of foreign corporations that were brought to the United States for civil discovery. (No. 10-1176).

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In the Supreme Court of the United States

No. 10-1147

WHITE & CASE LLP, PETITIONER

v.

UNITED STATES OF AMERICA

No. 10-1176

NOSSAMAN LLP, ET AL., PETITIONERS

v.

UNITED STATES OF AMERICA

ON PETITIONS FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF FOR THE UNITED STATES IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-3a)[1] is reported at 627 F.3d 1143. The sealed opinion of the district court quashing the grand jury subpoenas (Pet. Sealed App. 2-7) is unreported.[2]

[1] Citations to the petition and petition appendix are to petitioner White & Case's filings unless otherwise noted.

[2] Petitioners erroneously include as an opinion below the "Statement of Reasoning Involved in Court's Order of February 11, 2010," which

JURISDICTION

The judgment of the court of appeals was entered on December 7, 2010. The petition for a writ of certiorari in No. 10-1147 was filed on February 25, 2011, and the petition for a writ of certiorari in No. 10-1176 was filed on March 4, 2011. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

Petitioners White & Case LLP and Nossaman LLP represent certain defendants in antitrust class actions pending in the Northern District of California, including petitioners AU Optronics Corporation and AU Optronics Corporation of America (collectively AUO). A federal grand jury served subpoenas duces tecum on the law firms seeking non-privileged, pre-existing corporate records of petitioners' clients relevant to "an antitrust investigation into alleged criminal conduct." Pet. App. 2a. The district court granted petitioners' motions to quash the subpoenas, and the court of appeals reversed. *Id.* at 2a-3a.

1. In 2006, a Northern District of California grand jury investigation into an alleged price-fixing conspiracy in the Thin-Film Transistor-Liquid Crystal Display (TFT-LCD) industry became public. Pet. App. 2a; Gov't C.A. Br. 4. Subsequently, numerous "civil suits were filed by private plaintiffs against the companies under investiga-

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the district court entered in *In re TFT-LCD (Flat Panel) Antitrust Litigation*, MDL No. 1827, 2010 WL 1264601 (N.D. Cal. Mar. 29, 2010). Pet. App. 4a-8a. The court issued that statement in the separate civil action and did so after the United States appealed the order quashing the subpoenas in this case. The statement's reasoning differs somewhat from the order reversed by the court of appeals. See Pet. Sealed App. 2-7.

tion." Pet. App. 2a. After these lawsuits were transferred to the Northern District of California for coordinated proceedings, the United States moved to intervene in the civil case for the limited purpose of obtaining a partial stay of discovery to minimize the possibility that the civil litigants might discover sensitive information about the grand jury investigation. Gov't C.A. E.R. 35-43. The district court granted this motion, stayed most discovery for several months, and authorized the United States to review, but not copy, all discovery produced by any party. *Id.* at 44-47.[3]

Months later, the court entered a stipulated protective order protecting material produced in discovery containing trade secrets and other confidential, private, or competitively sensitive information from disclosure and limiting the stipulating parties' use of this material to prosecuting, defending, or attempting to settle the civil action. Gov't C.A. E.R. 48-61.[4] By its express terms, the protective order did not provide "blanket protections" for all discovery or any "entitlement to file confidential information under seal," and it specifically excepted from its protections any "presentations of evidence and argument at hearings on dispositive motions and at trial." *Id.* at 48,

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[3] In January 2010, government attorneys reviewed a small number of documents from AUO and another defendant (but not any from White & Case's clients). Gov't C.A. E.R. 178. They "uncovered, almost immediately, extensive evidence of a worldwide conspiracy to fix the prices of TFT-LCD panels." *Ibid.* Among the documents were minutes documenting hotel room meetings of major producers to agree on prices. *Ibid.* There were also "documents reflecting efforts to hide or destroy incriminating emails." *Ibid.* These documents were not provided to the grand jury at that time, however, because the district court prohibited the government from making copies. Gov't C.A. Br. 10.

[4] The United States did not sign or stipulate to this order.

60. In the event of a discovery request, subpoena, or order in other litigation compelling disclosure of protected material, the protective order required notice to the party designating the material confidential to afford it the opportunity to protect its confidentiality in the other litigation, but the order specified that it did not authorize any party to disobey a lawful directive from another court. *Id.* at 58.[1]

Pursuant to discovery orders in the civil case, foreign-located corporate civil defendants brought pre-existing corporate documents into the United States from abroad and produced them to the law firms representing the plaintiffs and numerous corporate defendants. Gov't C.A. E.R. 197, 199.

2. In late 2006, the federal grand jury issued subpoenas duces tecum to several companies in the United States seeking, among other things, the documents currently at issue. At that time, the government deferred enforcement of the subpoenas with respect to documents outside the United States, but requested their production on a voluntary basis. Gov't C.A. E.R. 143. Over the next several years, many companies, but not petitioners or their clients, voluntarily produced their foreign-located documents.

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[1] Subsequently, at the request of the States of Washington and Illinois, the district court clarified that the protective order "does not and was not intended to interfere with any lawfully issued State subpoena or civil investigative demand," but "direct[ed] that any party who receives documents marked 'confidential' or 'highly confidential' pursuant to a discovery request, subpoena or CID shall not provide those documents to the U.S. Department of Justice absent further order of this Court." Order Clarifying Stipulated Protective Order 1-2, *In re. TFT-LCD (Flat Panel) Antitrust Litigation*, MDL No. 1827 (N.D. Cal. May 4, 2010).

After discovering that the clients of the law-firm petitioners had sent documents responsive to the original grand jury subpoenas to petitioner-law firms and that the documents had subsequently been produced to plaintiffs' counsel, the grand jury issued new subpoenas duces tecum to petitioner-law firms, one other law firm defending a class action defendant, and the lead counsel for the direct purchaser plaintiffs in the civil case. Gov't C.A. E.R. 68-140, 197, 199. The subpoenas served on petitioner-law firms and the other defense firm sought various categories of their clients' "non-privileged" corporate documents in the United States and in the possession of the firms[6]; the subpoena served on plaintiff's counsel sought the documents produced to it by the defense firms' clients. *Id.* at 68-140.

3. Petitioners moved to quash the subpoenas arguing, among other things, prosecutorial misconduct. The district court rejected this argument, finding "that the government had not engaged in any bad faith tactics." Pet. App. 3a; see Pet. Sealed App. 6 n.1. Nevertheless, it quashed the subpoenas. The court acknowledged the holding in *In re Grand Jury Subpoena Served on Meserve, Mumper & Hughes*, 62 F.3d 1222, 1226-1227 (9th Cir. 1995), that a grand jury subpoena can be used to obtain civil discovery notwithstanding the existence of a

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[6] Specifically, the subpoenas at issue, with one exception, sought only relevant corporate documents for a period that predated the private lawsuits. See, *e.g.*, Gov't C.A. E.R. 99-100 (seeking relevant corporate documents for "the period of January 1, 1998 through December 7, 2006") (emphasis omitted). The exception is a demand, without any time limitation, for documents relating to any actual, possible, or proposed cartel agreement. *Id.* at 111. An admission of such an agreement contained in a response to a deposition question or interrogatory answer would be responsive to this subpoena provision.

protective order in a civil case. The district court declined to follow *Meserve*, however, on the ground that the decision did not address foreign evidence. Pet. Sealed App. 5-6.

The court of appeals reversed. Pet. App. 1a-3a. The court noted that petitioners had made no claim of privilege. *Id.* at 3a. Nor had they established, or even suggested, "collusion between the civil suitors and the government." *Ibid.* "Indeed, the district court determined that the government had not engaged in any bad faith tactics." *Ibid.* Under these circumstances, the court applied *Meserve*'s "per se rule that a grand jury subpoena takes precedence over a civil protective order." *Ibid.* The court observed that as a result of the civil action, "documents have been moved from outside the grasp of the grand jury to within its grasp." *Ibid.* The court found no authority that precluded "the government from closing its grip on what lies within the jurisdiction of the grand jury." *Ibid.*[3]

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[3] After the court of appeals issued its mandate, the grand jury obtained copies of all of the documents at issue in this appeal that were in the possession of plaintiffs' counsel. The United States has committed to return the documents if a petition for certiorari were granted and the court of appeals decision reversed.

To date, 21 individuals and eight companies have been charged with price fixing. Of these, ten individuals and seven companies have pleaded guilty for their role in the price-fixing conspiracy. These convictions have resulted in criminal fines totaling more than $890 million. Press Release, U.S. Dep't of Justice, *Former HannStar Executive Agrees to Plead Guilty and Serve Jail Time for Participating in Global LCD Price-Fixing Conspiracy* (Oct. 27, 2010), http://www.justice.gov/atr/public/press_releases/2010/263532.pdf.

Petitioner Nossaman's clients—fellow petitioners AU Optronics Corporation and AU Optronics Corporation America—have been indicted by the grand jury and charged with price fixing. Their case is

ARGUMENT

Petitioners contend that grand jury subpoenas cannot be used to obtain pre-existing, non-privileged corporate documents in the United States that might contain evidence of a crime and that have already been produced to private plaintiffs. They rely on a civil protective order that was limited by its terms to only the pretrial stages of the civil litigation and that permitted disclosure to state attorneys general. The court of appeals correctly rejected this claim, and, although the circuits have adopted somewhat different positions on when grand jury subpoenas may be used to obtain materials covered by a civil protective order, no other court of appeals would have decided this case differently. Further review is not warranted.

1. Petitioners contend that the circuits are split three ways on the standard to apply when deciding whether a protective order in a civil case precludes enforcement of a grand jury subpoena seeking information subject to that order. Pet. 16-23; Nossaman Pet. 14-22. Specifically, petitioners claim that the Fourth, Ninth, and Eleventh Circuits apply a per se rule that always enforces grand jury subpoenas notwithstanding a civil protective order,[8] the First and Third Circuits apply a rebuttable presumption that a grand jury subpoena should be enforced not-

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scheduled for trial later this year. Petitioner White & Case's clients have not been indicted.

[8] *In re Grand Jury Subpoena*, 836 F.2d 1468, 1477 (4th Cir.), cert. denied, 487 U.S. 1240 (1988); *In re Grand Jury Subpoena Served on Meserve, Mumper & Hughes*, 62 F.3d 1222, 1226-1227 (9th Cir. 1996); *In re Grand Jury Proceedings (Williams)*, 995 F.2d 1013, 1020 (11th Cir. 1993).

withstanding a protective order,[9] and the Second Circuit applies a rebuttable presumption that a protective order precludes a subpoena's enforcement.[10] To the extent there is disagreement in the courts of appeals on the relationship between grand jury subpoenas and civil protective orders, this case does not implicate it. The subpoenas at issue here would have been enforced in any circuit.

a. Petitioners significantly overstate the difference between the rule applied in the Fourth, Ninth, and Eleventh Circuits (which petitioners characterize as a "per se" approach) and the rule applied by the First and Third Circuits, which apply a rebuttable presumption that a grand jury subpoena should be enforced even when there is a civil protective order. As a practical matter, little if any difference has emerged in the application of those rules.[11]

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[9] *In re Grand Jury Subpoena*, 138 F.3d 442, 445 (1st Cir.) (*Roach*), cert. denied, 524 U.S. 939 (1998); *In re: Grand Jury*, 286 F.3d 153, 157-158 (3d Cir. 2002).

[10] *In re Grand Jury Subpoena Duces Tecum Dated Apr. 19, 1991*, 945 F.2d 1221, 1224 (2d Cir. 1991).

[11] Although the Ninth Circuit in this case "appl[ied] [its] per se rule that a grand jury subpoena takes precedence over a civil protective order," it first noted that "[n]o collusion between the civil suitors and the government has been established or even suggested by [petitioners]." Pet. App. 3a. Reflecting the general rule that grand juries cannot subpoena information protected by the attorney-client privilege, *Swidler & Berlin v. United States*, 524 U.S. 399, 401-409 (1998), the court of appeals also noted that petitioners "d[id] not claim that the documents are privileged." The Fourth Circuit, another court of appeals that purportedly follows the "per se" rule, has cautioned that "Fifth [A]mendment and ethical concerns obviously would be raised * * * if the government directly or indirectly sponsored a civil lawsuit or discovery requests in a civil lawsuit for the purpose of aiding a criminal investigation." *In re Grand Jury Subpoena*, 836 F.2d 1468, 1472 n.5, cert. denied, 487 U.S. 1240 (1988). In finding a grand jury

While the First and Third Circuits describe the rule they follow in this context differently from the Fourth, Ninth, and Eleventh Circuits, little if any functional difference distinguishes their approaches. In the First and Third Circuits, a grand jury subpoena overrides a protective order unless the party seeking to quash the subpoena shows "exceptional circumstances that clearly favor subordinating the subpoena to the protective order." *In re Grand Jury Subpoena*, 138 F.3d 442, 445 (1st Cir.) (*Roach*), cert. denied, 524 U.S. 939 (1998); *In re: Grand Jury*, 286 F.3d 153, 157-158 (3d Cir. 2002). "In the vast majority of cases, a protective order should yield to a grand jury subpoena." *In re: Grand Jury*, 286 F.3d at 162; see *id.* at 163 ("We cannot overemphasize that the presumption we announce today in favor of a grand jury subpoena may only be rebutted in the rarest and most important of cases."); accord *Roach*, 138 F.3d at 445 ("In the end, society's interest in the assiduous prosecution of criminal wrongdoing almost always will outweigh its interest in the resolution of a civil matter between private parties, * * * and thus, a civil protective order ordinarily cannot be permitted to sidetrack a grand jury's investigation.") (internal citations omitted).

In fact, the government is aware of no case in those circuits where the presumption was rebutted and the grand jury subpoena was not enforced. Thus, the First and Third Circuits' rule that grand jury subpoenas "almost always" overcome protective orders, *In re: Grand Jury*, 286 F.3d at 160, has been indistinguishable in practice from the nominally more categorical approach taken by the Fourth, Ninth, and Eleventh Circuits.

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subpoena enforceable in the case before it, that court said that "[t]here is no allegation in this case of such an improper purpose." *Ibid.*

In any event, petitioners marshal no support from decisions of the First or Third Circuits for the proposition that those courts would find any "exceptional circumstances" in this case that would justify non-enforcement of the subpoenas. The "exceptional circumstances" test would permit enforcement of a civil protective order against a grand jury subpoena only "in the exceptional case in which the public interest demands that the civil litigation take priority over any criminal investigation." *In re: Grand Jury*, 286 F.3d at 162; see *id.* at 163 ("[O]nly in cases in which the public interest in resolving the civil litigation is overwhelming should courts consider overriding a grand jury subpoena."). While petitioners make various policy arguments based on the foreign origin of the subpoenaed documents, see pp. 22-26, *infra*, petitioners make no attempt to explain how the public interest in facilitating civil antitrust litigation takes precedence over the grand jury's criminal antitrust investigation, and it does not, see pp. 16-19, *infra*.

b. In some circumstances, the Second Circuit takes a different approach to analyzing the enforceability of a grand jury subpoena for materials covered by a protective order, but that difference is not implicated here.[12] The

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[12] Contrary to petitioners' claims, Pet. 20, Nossaman Pet. 19-20, *SEC v. Merrill Scott & Associates, Ltd.*, 600 F.3d 1262 (2010), does not indicate that the Tenth Circuit will adopt the Second Circuit's position on the issue presented. In *Merrill Scott & Associates*, a plaintiff, the SEC, violated protective orders by sharing a person's confidential information, through the United States Attorney's Office, with the IRS. *Id.* at 1272. After that violation, the district court essentially modified the orders to permit retroactively this sharing despite the person's "justified reliance" on the orders' plain language to prevent that sharing. Citing *Martindell v. International Tel. & Tel. Corp.*, 594 F.2d 291 (2d Cir. 1979), the court of appeals concluded that the district court could not so easily modify the protective order. *Id.* at 1272-1273. The

Second Circuit would have enforced the grand jury subpoenas in this case for two independent reasons: petitioners do not claim that they or their clients provided deposition testimony in reliance on the protective order, and any such reliance would have been unreasonable because, among other reasons, the protective order was limited to the pretrial stages of litigation and did not prevent disclosure to state attorney generals for their own antitrust enforcement efforts.

In *Martindell* v. *International Tel. & Tel. Corp.*, 594 F.2d 291 (2d Cir. 1979), "deponents [had] testified in reliance upon [a] Rule 26(c) protective order, absent which they may have refused to testify." *Id.* at 296. In that situation, the Second Circuit held that "absent a showing of improvidence in the grant of a Rule 26(c) protective order or some extraordinary circumstance or compelling need, * * * a witness should be entitled to rely upon the enforceability of a protective order against any third parties, including the Government." *Ibid.*[13] At the same time, the court noted that "[t]he reliance of a private party upon protection of pre-existing documents from disclosure to the Government would normally be more difficult to justify than that of a witness who would, ab-

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decision does not suggest a protective order would preclude enforcement of a compulsory process, let alone a grand jury subpoena. And it does not indicate that the Tenth Circuit will follow the Second Circuit's decision in *In re Grand Jury Subpoena Duces Tecum Dated April 19, 1991*, 945 F.2d at 1223, and apply the *Martindell* presumption in the grand jury subpoena context. The Tenth Circuit did not cite that 1991 decision nor any other circuit's decision addressing whether a grand jury subpoena overcomes a protective order.

[13] *Martindell* did not involve a grand jury subpoena, see 594 F.2d at 296 n.6, but the Second Circuit subsequently applied the *Martindell* presumption to a grand jury subpoena in *In re Grand Jury Subpoena Duces Tecum Dated Apr. 19, 1991*, *supra*.

sent the protective order, have invoked his privilege and given no testimony at all." *Id.* at 297 n.8.

In subsequent cases, the Second Circuit has clarified that the *Martindell* presumption comes into play only when a party reasonably relies on a protective order in providing deposition testimony. Thus, in *United States* v. *Davis*, 702 F.2d 418, cert. denied, 463 U.S. 1215 (1983), the court found *Martindell* inapplicable (and affirmed enforcement of a grand jury subpoena) where "there [was] no indication that [a witness] agreed to testify only in reliance on [an] 'understanding'" of confidentiality and where many records sought "existed prior to the advent of the litigation." *Id* at 422, 423. And in *SEC* v. *TheStreet.com*, 273 F.3d 222 (2d Cir. 2001), the court held that "the rule of *Martindell* * * * was not applicable" where the party seeking to block access to evidence covered by a protective order "did not at any time contend that [deponents] had reasonably relied on the [protective order] in giving their [c]onfidential [t]estimony." *Id.* at 234-235.[14]

Moreover, the Second Circuit has made clear that reasonable reliance is not established—and the *Martindell* presumption is thus inapplicable—when a protective order is "on [its] face temporary or limited." *TheStreet.Com*, 273 F.3d at 231. In *In re Agent Orange Product Liability Litigation*, for example, the court held that the presumption did not apply because the appellants "could not have relied on the permanence of the protec-

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[14] In *Minpeco S.A.* v. *CFTC*, 832 F.2d 739 (2d Cir. 1987), the court applied the *Martindell* presumption in a case apparently involving pre-existing documents, but that decision involved an administrative subpoena from an agency, not a grand jury, and in any event, it came before the Second Circuit clarified in *TheStreet.com* that the presumption rested on a reliance rationale. 273 F.3d at 234-235.

tive order" since the order "by its very terms was applicable solely to the pretrial stages." 821 F.2d 139, 147 (2d Cir.), cert. denied, 484 U.S. 953 (1987); see also *Gambale* v. *Deutsche Bank AG*, 377 F.3d 133, 142 n.7 (2d Cir. 2004) (concluding "there [was] no presumption against access" because "the Bank could not have reasonably relied on the [protective order] because it was explicitly temporary").

In light of these significant limitations on the *Martindell* rule, petitioners' attempt to quash the grand jury subpoena in this case would have failed in the Second Circuit for a number of independent reasons. As noted previously (note 6, *supra*), the subpoenas in this case sought principally pre-existing corporate documents not created in reliance on a protective order, which do not trigger the *Martindell* presumption even in the Second Circuit, see *TheStreet.com*, 273 F.3d at 234-235; *Davis*, 702 F.2d at 422. It is thus not surprising that, unlike those parties that have successfully resisted grand jury subpoenas in the Second Circuit, petitioners have failed to point to any deposition testimony responsive to the subpoenas that "would not even have existed but for [the civil protective order], upon which the [petitioners] apparently relied" in providing the testimony. *Palmieri* v. *New York*, 779 F.2d 861, 865 (2d Cir. 1985).

Deposition testimony (about illegal cartel agreements) would be responsive to only one narrow category of material covered by the subpoenas in this case. See note 6, *supra*. Petitioners, however, do not claim that any of their clients or employees provided any deposition testimony responsive to that request in reliance on the protective order in this case. In fact, all of the "merits" witnesses from AUO and White & Case's clients invoked their Fifth Amendment privilege against compelled self-

incrimination in their merits depositions in the civil case.[15] The witnesses' invocation of the privilege is not surprising, given that those merits depositions took place when petitioners were fully aware that the United States was seeking civil discovery material for use in its criminal investigation.[16] In sum, there was no reasonable reliance on the protective order to provide potentially incriminating testimony in this case, nor could there have been.[17]

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[15] Petitioners express concern that reliance on the Fifth Amendment, rather than a protective order, is not a good option for deponents because of "the potentially ruinous adverse inferences that can follow from an assertion of the Fifth Amendment." Pet. 26. Petitioners here, however, secured an order from the district court allowing witnesses "to revoke the assertion of privilege" before trial and testify at a new deposition. Gov't C A. E R 203. The order preserved the right of plaintiffs to request an adverse inference instruction, *id.* at 204, but the right to a do-over deposition without invocation of the privilege would seem to make such an instruction less likely In any event, as discussed below, a civil protective order does not allow witnesses to avoid this dilemma. See pp. 18-19, *infra*

[16] All but one of the AUO merits depositions took place in November 2009, four months after the United States asked the district court to modify its civil protective order to permit it to copy material for the grand jury (The other AUO merits deposition took place almost a year later, in September 2010.) The merits depositions of White & Case's clients took place in November 2010, nearly a year after the grand jury subpoenas had been served and while the United States' appeal of the district court decision to quash was pending. Petitioners do not suggest that there was any testimony responsive to the subpoena in the non-merits depositions, *i.e.*, those concerning class certification, and, in any event, White & Case's clients agreed to provide those transcripts to the Antitrust Division voluntarily, Gov't C A F. R. 20.

[17] Petitioners do not make any Fifth Amendment claim with respect to the pre-existing corporate documents sought by the subpoenas, nor could they. Corporations have no right against compelled self-incrimination under the Fifth Amendment, *Doe v. United States*, 487 U S. 201, 206 (1988), and, in any event, pre-existing, voluntarily prepared bus-

Petitioners' claim would have failed in the Second Circuit for a second reason: the civil protective order in this case "on [its] face" was both "temporary" and "limited." *TheStreet.com*, 273 F.3d at 231. The protective order excluded from its terms "presentations of evidence and argument at hearings on dispositive motions and at trial." Gov't C.A. E.R. 48, 60. The Second Circuit has held that "reliance" on a protective order "applicable solely to the pretrial stages of the litigation" is "misplaced." *TheStreet com*, 273 F.3d at 231 (quoting *Agent Orange*, 821 F.2d at 147). The protective order here thus would have been categorically ineligible for the *Martindell* presumption.

Moreover, the protective order was "limited" (*TheStreet.com*, 273 F.3d at 231) in that it "does not and was not intended to interfere with any lawfully issued *State* subpoena or civil investigative demand."[18] Accordingly, state attorneys general could subpoena the documents and use them to enforce their own antitrust statutes. Petitioners thus could have had no reasonable expectation that the material covered by the protective order would be used only in the private civil litigation.

The protective order was additionally "limited" (*TheStreet.com*, 273 F.3d at 231) because it did not keep any information confidential from the United States. The district court had earlier granted the United States the right to review (but not copy) everything produced in discovery in the civil case. Gov't C.A. E.R. 47. It is difficult to understand why a witness with self-incrimination con-

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iness records are not covered by the privilege, *United States* v. *Doe*, 465 U.S. 605, 611-612 (1984).

[18] Order Clarifying Stipulated Protective Order 1-2, *In re: TFT-LCD (Flat Panel) Antitrust Litigation*, MDL No. 1827 (N.D. Cal. May 4, 2010) (emphasis added).

cerns would reasonably choose to provide testimony he knew that federal prosecutors could read.

Finally, while petitioners, their clients, and other foreign companies may have reasonably relied on the protective order to limit voluntary disclosures by the civil plaintiffs and defendants (who were parties to those orders), they could not have reasonably relied on that order, whatever its terms, to protect those documents from grand jury subpoenas in the Northern District of California. Since 1995, the Ninth Circuit rule has been that grand jury subpoenas, "as a matter of course, prevail over a protective order." *Meserve*, 62 F.3d at 1226. As a result, the reliance rationale of *Martindell* and its presumption are inapplicable here for that reason as well.

2. The court of appeals' decision is correct and is consistent with decisions of this Court recognizing the broad scope of the grand jury's authority to obtain relevant evidence. "[R]ooted in long centuries of Anglo-American history," the grand jury "is a constitutional fixture in its own right." *United States* v. *Williams*, 504 U.S. 36, 47 (1992) (brackets in original; internal quotation marks and citations omitted). It "occupies a unique role in our criminal justice system," as "an investigatory body charged with the responsibility of determining whether or not a crime has been committed." *United States* v. *R. Enters., Inc.*, 498 U.S. 292, 297 (1991).

As this Court has noted, "the investigation of crime by the grand jury implements a fundamental governmental role of securing the safety of the person and property of the citizen." *Branzburg* v. *Hayes*, 408 U.S. 665, 700 (1972). The broad "scope of the grand jury's powers reflects its special role in insuring fair and effective law enforcement." *United States* v. *Calandra*, 414 U.S. 338, 343 (1974). The grand jury's "task is to inquire into the exis-

tence of possible criminal conduct and to return only well-founded indictments." *Branzburg*, 408 U.S. at 688. Its "investigation 'is not fully carried out until every available clue has been run down and all witnesses examined in every proper way to find if a crime has been committed.'" *Id.* at 701 (citation omitted). As a result, its "investigative powers are necessarily broad." *Id.* at 688; see also *Calandra*, 414 U.S. at 344 ("The grand jury's investigative power must be broad if its public responsibility is adequately to be discharged.").

Thus, "[a]lthough the powers of the grand jury are not unlimited and are subject to the supervision of a judge, the longstanding principle that 'the public . . . has a right to every man's evidence,' except for those persons protected by a constitutional, common-law, or statutory privilege, * * * is particularly applicable to grand jury proceedings." *Branzburg*, 408 U.S. at 688 (citations omitted). Accordingly, while "[o]ver the years" this Court has "received many requests to exercise supervision over the grand jury's evidence-taking process," it has "refused them all." *Williams*, 504 U.S. at 50; see *Calandra*, 414 U.S. at 343.

The Ninth Circuit's conclusion that grand jury subpoenas are enforceable notwithstanding the existence of a civil protective order (even in situations, unlike this case, where potentially incriminating deposition testimony is involved) is consistent with this Court's understanding of the broad scope of the grand jury's investigative function. The contrary position—that materials can be provided to private class action antitrust plaintiffs but withheld from a federal grand jury—turns on its head the settled principle that "it is the Attorney General * * * who [is] primarily charged by Congress with the duty of protecting the public interest under the[] [antitrust] laws" and that pri-

vate actions merely "supplement[] government enforcement of the antitrust laws." *United States* v. *Borden Co.*, 347 U.S. 514, 518 (1954).

As an initial matter, if a civil protective order is permitted to shield information from a grand jury, it "may seriously impede a criminal investigation." *In re Grand Jury Subpoena*, 836 F.2d at 1475; accord *In re Grand Jury Proceedings (Williams)*, 995 F.2d 1013, 1017 (11th Cir. 1993). "Uncoerced testimony given in a civil action may provide important and relevant information to a grand jury investigation." *In re Grand Jury Subpoena*, 836 F.2d at 1475. Moreover, "protective orders may cause the absurd result of shielding deponents from prosecutions for perjury because * * * the protective order itself impedes an investigation that might lead to cause for believing that perjury has occurred." *Ibid.* Nothing in Federal Rule of Civil Procedure 26(c) or its advisory notes "support[s] the notion that Congress, in passing on and enacting the Rule, intended to circumscribe the grand jury's authority and subpoena power." *In re Grand Jury Proceedings (Williams)*, 995 F.2d at 1017.

Second, permitting a protective order to defeat a grand jury subpoena would, as a functional matter, constitute an attempt to create a "*de facto* grant of immunity." *In re Grand Jury Subpoena*, 836 F.2d at 1475. Yet grants of immunity are the exclusive prerogative of the Executive Branch. See *ibid.*; *Pillsbury Co.* v. *Conboy*, 459 U.S. 248, 261 (1983) ("No court has authority to immunize a witness. That responsibility * * * is peculiarly an executive one.").

Third, while allowing a protective order to thwart a grand jury subpoena would have the definite effect of impeding the grand jury's investigation, the civil-litigation benefits of doing so are far from certain. While it has

been suggested that a protective order will make civil deponents less likely to invoke their Fifth Amendment privilege, "an individual may not totally rely on judicial protection against the use of incriminating information without a grant of immunity." *In re Grand Jury Subpoena*, 836 F.2d at 1476; see *Andover Data Servs. v. Statistical Tabulating Corp.*, 876 F.2d 1080, 1084 (2d Cir. 1989) ("a court in a civil action is simply without the means to fashion a sufficiently durable safeguard for the full protection of the [F]ifth [A]mendment rights of a reluctant non-party witness").

Material subject to a protective order can leak; the protective order can be modified to permit disclosure; and material protected pre-trial may be disclosed at trial. *In re Grand Jury Subpoena*, 836 F.2d at 1476; see *In re Grand Jury Proceedings (Williams)*, 995 F.2d at 1019 n.14. Even under the *Martindell* approach, testimony provided pursuant to a protective order can be divulged to a grand jury if the government establishes a "compelling need" or "extraordinary circumstances." *Ibid.* Finally, courts have "available other tools to ensure successful resolution of a civil action which is threatened by a deponent's privileged silence," such as delaying discovery until completion of the grand jury investigation, using "traditional rules of burden-shifting," *In re Grand Jury Subpoena*, 836 F.2d at 1476-1477, or, as in this case, permitting witnesses who have invoked their Fifth Amendment privilege at a deposition the opportunity to revoke that invocation later and testify, see note 15, *supra*.[19]

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[19] As discussed in the text, a civil protective order is not an adequate substitute for a witness's invocation of his Fifth Amendment privilege against self-incrimination. Accordingly, the concern that the government expressed in its motion to stay discovery in the civil case about employees' being put in the "untenable position of having to choose be-

3. The question of how and when grand jury subpoenas can require production of material covered by civil protective orders rarely arises. After the Ninth Circuit decided *Meserve* 16 years ago, it did not have occasion to address the issue again until this case. Several other circuits that have addressed the question have done so only once, the most recent decision coming nine years ago.[20] The lengthy list of civil cases with parallel criminal investigations provided by petitioner White & Case, Pet. 24-26, underscores this point. Despite the frequency of such parallel litigation, the question presented here arises only rarely.

In most cases, the government serves grand jury subpoenas and obtains the evidence it needs long before discovery in any related civil case has advanced very far.

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tween asserting their Fifth Amendment right against self-incrimination, with the negative inference that comes with that decision, or testifying in the deposition and running the risk of self-incrimination in the criminal matter" (Gov't C.A. E.R. 40) does not support petitioners here. As argued in the motion in which that statement appeared, the way to avoid such concerns would be to stay discovery; absent such a stay, employees would encounter such a dilemma with or without a civil protective order.

[20] The Fourth Circuit has not issued another opinion addressing the issue since its first and only one in *In re Grand Jury Subpoena*, *supra*, in 1988. Likewise, the Eleventh Circuit has not had occasion to address the question again since its 1993 decision in *In re Grand Jury Proceedings (Williams)*, *supra*; the First Circuit since its 1998 decision in *In re Grand Jury Subpoena (Roach)*, *supra*; and the Third Circuit since its 2002 decision in *In re Grand Jury*, *supra*. Although the Second Circuit has had more recent occasion to discuss the *Martindell* presumption, see, *e.g.*, *SEC* v *TheStreet.com*, *supra*, it has not had a case involving a federal grand jury subpoena and a protective order since 1991, see *In re Grand Jury Subpoena Duces Tecum Dated April 19, 1991*, *supra*. The issue has not arisen in the Fifth, Sixth, Seventh, Tenth, and D.C. Circuits.

Indeed, the government occasionally seeks to delay civil discovery that might interfere with an ongoing criminal investigation, as it did in this case. See p. 3, *supra*; see also *In re Grand Jury Subpoena*, 836 F.2d at 1476 (courts "commonly * * * delay discovery until a pending grand jury investigation has been completed"). Thus, the government's need to serve a grand jury subpoena seeking the fruits of civil discovery arises infrequently.

Moreover, petitioner White & Case's claim, echoed by various amici curiae, that review is necessary because the per se rule encourages civil plaintiffs to make "overly broad discovery requests [that] will expose defendants to greater risks in a parallel criminal investigation" to gain leverage in the civil action, Pet. 27, lacks merit. White & Case's concern appears to be that plaintiffs' use of discovery to obtain evidence supporting their civil antitrust claims for price fixing threatens to uncover evidence of price fixing that might result in a criminal prosecution. Such a concern provides no reason to grant review, let alone to keep evidence out of the grand jurors' hands. *Branzburg*, 408 U.S. at 696.

Equally unfounded is the claim that the different approaches among the circuits tempts "plaintiffs and prosecutors to forum shop." Pet. 27; Br. of Amici Curiae Chamber of Commerce of the United States of America and DRI—The Voice of the Defense Bar 9-10. In fact, the Department of Justice continues to investigate and prosecute international cartels in circuits that do not apply the per se rule. See, *e.g.*, *Stolt-Nielsen, S.A.* v. *United States*, 442 F.3d 177 (3d Cir.) (grand jury investigation of international conspiracy to fix prices of parcel tanker shipping services), cert. denied, 549 U.S. 1015 (2006); *United States* v. *Taubman*, 297 F.3d 161 (2d Cir. 2002) (per curiam) (criminal prosecution of international conspiracy

to fix prices of auction commission rates). And even though the difference in approach among the circuits has existed for at least 20 years, petitioners cite no examples of the United States' impaneling a grand jury in one of the "per se" circuits in order to make it easier to enforce grand jury subpoenas. Finally, the circuits' approaches to this question provide no incentive for private plaintiffs to forum shop because a motion to quash a grand jury subpoena is made where the grand jury is empaneled, regardless of where the civil protective order was entered. Fed. R. Crim. P. 17(c)(2); *United States* v. *(Under Seal)*, 714 F.2d 347, 350 (4th Cir.), cert. dismissed, 464 U.S. 978 (1983).

4. Petitioners' remaining arguments provide no basis for review by this Court.

Petitioners contend that the analysis of the relationship between the protective order and the grand jury subpoenas should have been different because the evidence in question originated abroad. Nossaman Pet. 23; see Pet. 29-34. Other than the court of appeals decision in this case, however, no other circuit has considered that novel question, accord Amicus Br. of NACDL, et al. 11, and further consideration by the courts of appeals would be warranted before this Court addressed it. In any event, the decision below does not conflict with or circumvent settled principles governing the geographic reach of grand jury subpoenas.

While search warrants have specific territorial limits—with some exceptions, they can authorize searches and seizures only of persons and property located within the district of the issuing judge, see Fed. R. Crim. P. 41(b)—grand jury subpoenas do not. The only "geographic limit" on the grand jury is that its subpoena cannot be *served* on non-resident aliens outside the United

States. Fed. R. Crim. P. 17(e); 28 U.S.C. 1783. But neither that limit nor petitioners' proposed principle limiting the subpoena power to documents within the United States was violated in this case. The subpoenas sought documents located within the United States and in the custody or control of the U.S. law firms who were served with subpoenas in the United States.

A grand jury subpoena is simply a command directed to a person to appear before the grand jury and testify or produce evidence under the person's control. Thus, the grand jury's subpoena power does not turn on where the evidence originated or even where it is currently located. Rather, "[t]he test for the production of documents is control, not location." *In re Grand Jury Subpoena Directed to Marc Rich & Co., A.G.*, 707 F.2d 663, 667 (2d Cir.), cert. denied, 463 U.S. 1215 (1983); accord *In re Grand Jury Proceedings Bank of Nova Scotia*, 740 F.2d 817, 828-829 (11th Cir. 1984), cert. denied, 469 U.S. 1106 (1985); *In re Grand Jury Subpoena Addressed to First Nat'l City Bank*, 396 F.2d 897, 900-901 (2d Cir. 1968) ("a federal court has the power to require the production of documents located in foreign countries if the court has *in personam* jurisdiction of the person in possession or control of the material.").[21]

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[21] The decision below does not implicate *Commodity Futures Trading Commission* v. *Nahas*, 738 F.2d 487 (D.C. Cir. 1984), or Sections 274-278 of the *United States Department of Justice's Criminal Resource Manual* (1997), as petitioners claim, see Nossaman Pet. 23. *Nahas* involved service of an administrative subpoena on a foreign citizen in a foreign nation, 738 F.2d at 493, and the cited sections of the government manual describe methods, including subpoenas, to obtain evidence located abroad. Neither is relevant here because the holding below is that the grand jury, via subpoena, can command United States law firms served in the United States to produce evidence in the United States under their control. Pet. App. 2a-3a.

Nor does the rule applied by the Ninth Circuit in this case have "serious implications under the foreign-sovereignty and international-comity principles that dictate the limitations on the government's extraterritorial subpoena power," Pet. 31, or allow the government to "ignore * * * settled methods for seeking foreign-based discovery." Nossaman, Pet. 24.[22] The subpoenaed documents are in the United States and under the control of U.S. law firms served in the United States. Under these circumstances, considerations of foreign sovereignty and international comity are, at most, *de minimis*. The United States, as a sovereign, is entitled to obtain and use evidence within its own territory without the consent of foreign governments. The availability of letters rogatory or treaty requests to attempt to obtain foreign-located duplicates of the documents that are in the United States does not render those means mandatory or invalidate other valid means, like the subpoena power, to compel a "party subject to [the court's] jurisdiction to produce evidence." *Société Nat'l Indus. Aérospatiale* v. *United States Dist. Court for the S. Dist. of Iowa*, 482 U.S. 522, 544 n.29 (1987); cf. *id.* at 539-540 (holding that the Hague Convention for obtaining evidence abroad did not preempt court's authority to order a "party before it to produce evidence physically located within a signatory nation").

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[22] The Nossaman petitioners' claim that the district court quashed the subpoena, "in large part, out of concern over the impact of such a precedent on foreign sovereignty," Nossaman Pet. 24-25, is unsound. While the district court noted petitioners' contentions about the interests of foreign sovereigns, it did not quash the subpoena on that basis but rather found it "more prudent to quash the subpoenas and allow the DOJ to raise these issues on appeal to the Ninth Circuit," given what it perceived as an absence of authority on the scope of the grand jury's authority in this situation. Pet App. 2a-3a; see Pet Sealed App. 6.

In any event, any comity questions should be deemed resolved when the Executive Branch, through the Department of Justice, proceeds with a subpoena for foreign business records that have been brought to the United States. *Pasquantino* v. *United States*, 544 U.S. 349, 369 (2005) ("In our system of government, the Executive is the 'sole organ of the federal government in the field of international relations,' * * * and [it] has ample authority and competence to manage 'the relations between the foreign state and its own citizens' and to avoid 'embarass-[ing] its neighbor[s].'") (brackets in original and citations omitted). There is no basis for a district court to second-guess that judgment.[23]

Petitioner White & Case suggests that the decision will disturb relations between the United States and the European Union (EU) or Japan by "giv[ing] U.S. prosecutors *carte blanche* to pierce protective orders to obtain [European Commission (EC) or Japanese] leniency materials produced in civil discovery that the prosecutors would not be able to obtain directly from foreign regulators (absent the consent of the self-reporting company)." Pet. 36; see Br. of Amicus Curaie Japan Competition Law Forum 3, 13-14. But the United States has long emphasized the importance of confidentiality to a successful anti-cartel leniency program.[24] Indeed, the United States

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[23] To date, no foreign government has voiced any concerns about the subpoenas at issue in this case

[24] See, e.g., Letter from Scott D Hammond, Deputy Assistant Attorney Gen. for Criminal Enforcement, Antitrust Div., U.S. Dep't of Justice, to James C. Owens 3 (Oct. 6, 2009) (Attachment No 5 to Mot. for Recons. re 185 Order on Mot. to Compel by European Commission, *In re: Flat Glass Antitrust Litigation (II)*, No. 08-mc-180, MDL No. 1942 (W.D. Penn. Oct. 8, 2009) (ECF No. 200) ("Confidentiality is one of the hallmarks of leniency programs, and a lack of confidentiality is a

has supported EU efforts to protect its confidential leniency materials from disclosure in civil discovery because "harm to the EC leniency program could result in harm to the Division's ability to detect and successfully prosecute international cartels that target U.S. businesses and consumers" because "[i]f companies that have dual exposure in the United States and the European Union are dissuaded from applying for leniency with the European Commission, then they may also choose not to apply for leniency in the United States, especially if they have greater exposure in the European Union."[25]

Accordingly, petitioner's suggestion that the United States would suddenly change its views on confidentiality, impair the EC or Japanese leniency program to the detriment of its own program, and jeopardize its close working relationship with the EU and Japan is without merit. In any event, companies involved in international price fixing that seek leniency typically do so in every country in which they can, including the United States. Such concurrent leniency applications result in the disclosure of all relevant information to the United States without any need to examine what those companies may have told other antitrust authorities.

The decision below does not improperly limit the court's discretion under Rule 17(c)(2), which allows the court to "quash or modify the subpoena if compliance would be unreasonable or oppressive," Fed. R. Crim. P. 17(c)(2). Nossaman Pet. 25-28. Nothing in the court of appeals decision limits the district court's traditional discretion under Rule 17. Rather, the court of appeals merely applied its prior decision in *Meserve* holding that

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major disincentive for leniency applications.")).

[25] *Id.* at 4.

the existence of a protective order alone does not make compliance unreasonable or oppressive. See *Meserve*, 62 F.3d at 1226.[26]

The Nossaman petitioners erroneously suggest that the subpoenas are unreasonable or oppressive because they were directed to lawyers. Nossaman Pet. 27-28. The grand jury appropriately directed its subpoenas to the law firms that had custody and control of the non-privileged documents produced to the multitude of parties in the civil action. The cited provision of the United States Attorney's Manual (USAM) applies only to attorney subpoenas seeking "information relating to the attorney's representation of a client." USAM § 9-13.410(B) (2009). The subpoenas here seek information that was produced in discovery, not information bearing on the representation of a client. *United States* v. *Perry*, 857 F.2d 1346 (9th Cir. 1988), and *United States* v. *Bergeson*, 425 F.3d 1221 (9th Cir. 2005), involved subpoenas served post-indictment on the criminal defendants' trial counsel seeking information about the attorney's representation of that client, specifically who was paying the fees and what trial date the attorney told the client. 857 F.2d at 1347-1348; 425 F.3d at 1222-1223. In *Perry*, the subpoena was issued under circumstances that "strongly suggest-[ed] an improper motive," 857 F.2d at 1348, and in *Bergeson*, the "attorney-client relationship * * * would be

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[26] Nor is there any rule barring a grand jury or criminal investigation's use of evidence that was produced in civil discovery. Cf. Nossaman Pet. 29. As this Court recognized in *United States* v. *Kordel*, 397 U.S. 1, 11-12 (1970), where civil discovery mechanisms are used in good faith and not "solely to obtain evidence for [a] criminal prosecution," there is nothing inappropriate, let alone unlawful, about the government's use of information produced by those mechanisms in a criminal investigation and prosecution.

destroyed" if the subpoena forced counsel to testify, 425 F.3d at 1223.

Here, the government acted in good faith, Pet. App. 3a, and no risk is posed to the attorney-client relationship. Similarly, the concern expressed by Amicus Curiae American Bar Association about "compel[ling] a lawyer to produce client information" and the need "to maintain a client's confidences" (Br. for The Am. Bar Ass'n at 3) is misplaced in this case. All of the documents at issue have already been disclosed (or will be disclosed) to the civil plaintiffs who seek millions of dollars in damages from the attorneys' clients.

CONCLUSION

The petitions for a writ of certiorari should be denied.

Respectfully submitted.

NEAL KUMAR KATYAL
Acting Solicitor General
CHRISTINE A. VARNEY
Assistant Attorney General
JOHN J. POWERS, III
JAMES J. FREDRICKS
Attorneys

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In The
Supreme Court of the United States

NOSSAMAN LLP, AU OPTRONICS CORPORATION, AND AU OPTRONICS CORPORATION AMERICA,

Petitioners,

v.

UNITED STATES OF AMERICA,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

REPLY BRIEF IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI

CHRISTOPHER A. NEDEAU
VERONICA L. HARRIS
NOSSAMAN LLP
50 California Street,
34th Floor
San Francisco, CA 94111
(415) 438-7278

KIRK C. JENKINS
Counsel of Record
SEDGWICK, DETERT,
MORAN & ARNOLD LLP
1 N. Wacker Drive,
Suite 4200
Chicago, IL 60606
(312) 641-9050
kirk.jenkins@sdma.com

Counsel for Petitioners
Nossaman LLP, AU Optronics Corporation, and AU Optronics Corporation America

PARTIES TO THE PROCEEDING

Petitioners are Nossaman LLP, AU Optronics Corporation, and AU Optronics Corporation America. Respondent, who was the Appellant in the court of appeals below, is the United States.

Additional parties to the proceedings below are White & Case LLP, Toshiba Corporation, Toshiba Mobile Display Co., Ltd. (f/k/a Toshiba Matsushita Display Technology Co., Ltd.), Toshiba America Electronic Components, Inc., Toshiba America Information Systems, Inc., and K&L Gates LLP. White & Case LLP has filed a petition for writ of certiorari seeking review of the same ruling challenged herein, Case No. 10-1147.

RULE 29.6 CORPORATE DISCLOSURE STATEMENT

Petitioner AU Optronics Corporation ("AUO") is a publicly traded corporation in Taiwan that has no parent corporation, and no publicly held corporation owns 10% or more of its stock. The parent corporation of Petitioner AU Optronics Corporation America ("AUOA") is AUO (L) Corporation. Petitioner Nossaman LLP is a California limited liability partnership that has no parent corporation, and no publicly held corporation owns 10% or more of its stock.

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INTRODUCTION

In their Petition, Nossaman LLP, AU Optronics Corporation, and AU Optronics Corporation America showed that the circuits are split three ways with respect to the proper test for resolving a conflict between a grand jury subpoena and a civil protective order. The government does not deny the existence of the circuit split, but claims that the disagreement is more two-sided than three-sided, and petitioners would have lost in any of the circuits involved.

Not so. The government's law firm subpoenas would have been quashed in the First, Second, Third and Tenth Circuits. A three-way circuit split is squarely presented.

Petitioners showed that the Ninth Circuit's decision conflicts with long-settled limits on the geographic scope of grand jury subpoenas, effectively making them coextensive in scope with civil discovery in many cases. Rather than denying the effect of the decision, the government focuses on the fact that the foreign-based documents were in the United States when they were subpoenaed.

Nevertheless, the sole reason the documents were in this country, rather than overseas, was that AUO and the other defendants were ordered by the district court to produce those documents in the United States in connection with civil discovery.

Finally, petitioners pointed out that the Ninth Circuit's decision effectively wiped out the district

court's discretion under Rule 17(c)(2) of the Federal Rules of Criminal Procedure to quash grand jury subpoenas which are unreasonable and oppressive, substituting an inflexible rule that a civil protective order makes all countervailing interests irrelevant. The government does not deny that this is the effect of the court's decision.

The Ninth Circuit's decision widens a serious split in the circuits and conflicts with established law. With approximately fifty grand juries investigating alleged international price-fixing cartels, the issues presented here will recur. The Court should grant the petition and resolve these issues.

ARGUMENT

A. THE LAW FIRM SUBPOENAS WOULD LIKELY HAVE BEEN QUASHED IN THE FIRST, SECOND, THIRD AND TENTH CIRCUITS

The circuits are split on the issue of how the district courts should balance the important interests served by a civil protective order and a grand jury subpoena. (Pet., pp. 14-22.) The Ninth, Fourth and Eleventh Circuits apply a *per se* rule favoring grand jury subpoenas in all cases. The First and Third Circuits have held that a civil protective order may supersede a grand jury subpoena under extraordinary circumstances. The Second Circuit has held that the

civil protective order should prevail under most circumstances.

According to the government, petitioners overstate the severity of the circuit split. "The subpoenas at issue here would have been enforced in any circuit," the government insists. (Opp., p. 8.)

The government is incorrect.

1. The Government Disregards the Multi-Factor Test Adopted By the First and Third Circuits

The First Circuit has rejected the *per se* rule adopted by the Fourth, Ninth and Eleventh Circuits favoring grand jury subpoenas over civil protective orders in all cases. *In re Grand Jury Subpoena (Roach)*, 138 F.3d 442, 444-45 (1st Cir.), *cert. denied*, 524 U.S. 939 (1998). Instead, the Court held that a grand jury subpoena should supersede a protective order absent "exceptional circumstances that clearly favor subordinating the subpoena to the protective order." *Id.* at 445. The Third Circuit agrees with the First, holding that there is a "strong presumption" that a grand jury subpoena trumps a civil protective order absent a showing of "exceptional circumstances." *In re Grand Jury*, 286 F.3d 153, 163 (3d Cir. 2002).

According to the government, there is "little if any functional difference" between the rebuttable presumption of the First and Third Circuits and the

per se rule. (Opp., p. 9.) The government points to language from both Circuits suggesting that their intermediate test will seldom tilt in favor of quashing a subpoena: *e.g.*, *In re Grand Jury*, 286 F.3d at 162 (subpoena should govern "in the vast majority of cases"); 163 (presumption may be rebutted "only . . . in the rarest and most important of cases"); *Roach*, 138 F.3d at 445 (subpoena should "almost always" supersede a protective order).

The government makes no attempt, however, to apply the multi-factor test set forth by both courts. Analyzing those factors makes it clear that the First and Third Circuits would have quashed the subpoenas here.

The first factor is "the government's need for the information (including the availability of other sources)." *Roach*, 138 F.3d at 445; *In re Grand Jury*, 286 F.3d at 162.

This factor weighs heavily in favor of quashing the subpoenas, since the government has had, at all times, well-established alternative means for obtaining the materials it seeks: (1) letters rogatory; (2) requests through treaties, such as mutual legal assistance treaties or executive agreements; and (3) informal diplomatic requests. *See* United States Department of Justice, Criminal Resource Manual §§ 274-278; *see Société Nationale Industrielle Aérospatiale v. United States Dist. Ct.*, 482 U.S. 522, 543-44 (1987) (noting that comity might sometimes require that

cooperative methods of obtaining evidence overseas should be used in the first instance).

The government argues that quashing the law firm subpoenas "'may seriously impede'" the criminal investigation, "'shielding deponents from prosecutions for perjury'" and constituting a "*de facto* grant of immunity." (Opp., p. 18.) But as the government acknowledges, "all of the 'merits' witnesses from AUO" have "invoked their Fifth Amendment privilege . . . in their merits depositions in the civil case." (Opp., pp. 13-14.) The government's worries about witnesses testifying in the civil case but refusing to do so before the grand jury are misplaced.

The second and third factors are the severity of the contemplated criminal charges and the harm to society should the alleged wrongdoing go unpunished. *Roach,* 138 F.3d at 445; *In re Grand Jury*, 286 F.3d at 162. Because the government had alternative means at its disposal for obtaining the information, the government cannot contend that quashing the subpoenas would increase the risk of any wrongdoing going unpunished. These factors do not weigh in favor of enforcing the subpoenas.

The fourth and fifth factors are the interests served by confidentiality in the civil litigation and the value of the protective order to the timely resolution of that litigation. *Roach,* 138 F.3d at 445; *In re Grand Jury*, 286 F.3d at 162.

These factors weigh in favor of quashing the subpoenas. The Ninth Circuit's holding will have the

effect, in many cases, of making the geographic scope of a grand jury subpoena coextensive with Federal civil discovery. This raises serious concerns of international comity, given the long-standing foreign objections to the scope of American civil discovery. Requiring the government to seek the information at issue through diplomatic channels will promote due consideration of such nations' views.

Moreover, particularly in complex cases, protective orders allow the parties to make full disclosure in discovery without fear of public access to sensitive information and without the expense and delay of protracted discovery disputes. *United Nuclear Corp. v. Cranford Ins. Co.*, 905 F.2d 1424, 1427 (10th Cir. 1990), *cert. denied,* 498 U.S. 1073 (1991). AUO has produced millions of pages of confidential and trade secret information in the civil cases in reliance on the protective order.

The final three factors are the harm to the party who sought the protective order if the information is revealed to the grand jury, the severity of the harm alleged by the civil suit plaintiff, and the harm to society and the parties should encroachment on the protective order hamper the prosecution or defense of the civil case. *Roach,* 138 F.3d at 445; *In re Grand Jury*, 286 F.3d at 162.

These factors weigh in favor of quashing the subpoenas as well. Discovery will be open in a number of civil actions for some time. If all materials produced in civil discovery are to automatically come

within the scope of the law firm subpoenas, discovery disputes will inevitably multiply and adjudication of the civil claims will be slowed.

At least six of the eight factors adopted by the First and Third Circuits weigh in favor of quashing the law firm subpoenas. None weigh in favor of the Ninth Circuit's *per se* rule. The First and Third Circuits would have affirmed the district court's decision quashing the law firm subpoenas.

2. The Second Circuit Would Have Quashed the Law Firm Subpoenas

The Second Circuit has taken a different approach to these issues. In *Martindell v. International Tel. & Tel. Corp.*, 594 F.2d 291, 296 (2d Cir. 1979), the court held that a civil protective order should not be modified to accommodate a government request for information "absent a showing of improvidence in the grant [of the protective order] or some extraordinary circumstance or compelling need." The Second Circuit has applied the *Martindell* standard to conflicts between a government subpoena and a civil protective order. *In re Grand Jury Subpoena Duces Tecum Dated April 19, 1991,* 945 F.2d 1221, 1224-26 (2d Cir. 1991); *Palmieri v. State of New York,* 779 F.2d 861, 864, 866 (2d Cir. 1985).

The government argues that the Second Circuit would not have applied these authorities to quash the law firm subpoenas because the court's rule applies

only to deposition testimony given in reliance on a protective order. (Opp., pp. 12-13.)

The government is incorrect. The Second Circuit has applied its rule on at least three occasions to non-testimonial documents. *Gambale v. Deutsche Bank AG*, 377 F.3d 133, 143-44 (2d Cir. 2004); *Minpeco S.A. v. Conticommodity Servs., Inc.*, 832 F.2d 739, 740, 742-43 (2d Cir. 1987); *Palmieri*, 779 F.2d at 864-66.

Moreover, the government overlooks the fact that the civil protective order was entered in December 2007, before depositions had begun. *All* deposition testimony given in the civil actions was given in reliance on the protective order.

Next, the government claims that the Second Circuit would have "categorically" refused to quash the law firm subpoenas because the protective order in the civil actions is "temporary" and "limited." (Opp., pp. 12-13, 15-16, *citing Securities and Exch. Comm. v. TheStreet.com*, 273 F.3d 222, 231 (2d Cir. 2001).)

The government is wrong for several reasons. First, the government misreads *TheStreet.com*. The court did not hold that subpoenas must be enforced where a protective order is "temporary" and "limited." It held that under such circumstances, the question of whether to permit a third party access to protected materials is committed to the district court's discretion. *Id.* at 231.

Second, the Protective Order does not "exclude[ ] from its terms 'presentations of evidence and argument at hearings on dispositive motions and at trial,'" as the government claims. (Opp., p. 15.) Rather, the protective order provides that the issue of how such hearings and trial will be handled would be resolved later, by separate order. Govt. C.A. E.R. 48, 60. The protective order continues in force until "the final termination of this action, including any appeals," requiring that all protected material be returned or destroyed. Govt. C.A. E.R. 48, 59.

Finally, the government argues that the protective order is "limited" because it permits production of the protected materials to state attorneys general. (Opp., p. 15.) Not so. In fact, the order leaves state courts to decide the issue of whether documents should be produced in civil litigation to state attorneys general. Govt. C.A. E.R. 48, 58. AUO has not produced the documents at issue to any state. Indeed, the Illinois state trial court refused to compel production of the foreign-based documents, and the Illinois Attorney General has appealed the ruling.

But even if none of this were so, the government entirely overlooks the most important form of reliance implicated here – reliance by the district court. The district court did not finally order production of the foreign-based documents until August 2009, more than eighteen months after the protective order was entered. By overriding the protective order, the Ninth Circuit interfered with the detailed framework constructed by the district court to balance the

conflicting interests of the criminal investigation and the civil litigation.

The government cannot show that extraordinary circumstances or compelling need justifies enforcing the law firm subpoenas. The Second Circuit would have quashed the subpoenas.

3. The Tenth Circuit Would Likely Have Quashed the Law Firm Subpoenas As Well

Last year, in *Securities and Exch. Comm. v. Merrill Scott & Assoc., Ltd.*, 600 F.3d 1262 (10th Cir. 2010), the Tenth Circuit found that a showing of "unusual or extraordinary circumstances" was required to justify modifying a protective order to allow government access to protected materials. *Id.* at 1272-73.

The government responds that the Tenth Circuit's holding "does not suggest" that the court would necessarily find that a protective order outweighs a subpoena. (Opp., p. 10, n. 12.) The government is incorrect. The Tenth Circuit's decision in *Merrill Scott* parallels the Second Circuit's decision in *Martindell*. *Compare Merrill Scott,* 600 F.3d at 1272-73 *with Martindell*, 594 F.2d at 296. The Tenth Circuit would likely follow the Second Circuit and allow a grand jury subpoena to supersede a civil protective order only upon a showing of "extraordinary circumstances." Since no such circumstances are present here, the Tenth

Circuit would have affirmed the district court's order quashing the law firm subpoenas.

A three-way split in the circuits on the question of how to balance a conflicting civil protective order and grand jury subpoena is squarely presented here. The Court should grant the petition and resolve this important question.

B. THE NINTH CIRCUIT'S HOLDING RAISES SERIOUS ISSUES OF INTERNATIONAL COMITY

A Federal grand jury's subpoena power is subject to well-settled geographical limits. The grand jury has no power to subpoena materials located overseas from foreign companies or individuals. The Ninth Circuit's holding conflicts with this rule, effectively making the scope of a grand jury subpoena coextensive with Federal civil discovery. This major expansion of grand jury power raises serious concerns of international comity, justifying review. (Pet., pp. 23-25.)

The government shrugs off these issues, arguing that comity concerns are "at most, *de minimis*" since the subpoenaed documents are now in the United States and under the control of U.S. law firms. (Opp., p. 24.)

The government misses the point. The documents were not voluntarily brought into the United States. They are here solely because the district court

ordered their production *in the United States* in connection with civil discovery despite the "vociferous[ ]" opposition of AUO and the other foreign-based defendants. (App. 12a.)

Many foreign allies of the United States have long objected to the expansive scope of U.S. civil discovery. As a result, a number of countries have enacted "blocking statutes" prohibiting the removal of documents located on their soil in response to foreign discovery demands. *See* Restatement (Third) of Foreign Relations Law § 442 (1987), Reporters Note No. 4 (summarizing history and citing foreign statutes).[1] If compliance with such civil discovery demands can now be expected to place foreign-based documents within the scope of a Federal grand jury subpoena, it seems likely that major U.S. allies will move to vigorously enforce their blocking statutes.

The government also argues that courts lack the authority to consider comity, because the judgment of

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[1] Although American courts have frequently declined to accept foreign blocking statutes as a valid excuse for noncompliance with discovery orders, *e.g.*, *Société Nationale Industrielle*, 482 U.S. at 544, n. 29, many have cited what they believed to be the unlikelihood of foreign prosecution in support of their holding. *E.g.*, *Strauss v. Credit Lyonnais SA*, 242 F.R.D. 199, 221 (E.D.N.Y. 2007). This view may be ripe for reconsideration in view of the recent decision of France's Supreme Court affirming a criminal fine in connection with a French lawyer's violation of the French blocking statute. *Arméniadès*, Cour de Cassation Chambre Criminelle [Cass. Crim.], Paris, Dec. 12, 2007, JurisData No. 2007-332254.

the Executive Branch is final with respect to all matters of international relations. (Opp., p. 25.) The government's argument fails. Federal courts frequently apply concepts of comity in adjudicating cases with international aspects. *E.g.*, *Hartford Fire Ins. Co. v. California*, 509 U.S. 764, 797 (1993); *Société Nationale Industrielle*, 482 U.S. at 543-44 & n. 27.

C. THE NINTH CIRCUIT'S HOLDING UNNECESSARILY LIMITS THE DISTRICT COURT'S DISCRETION UNDER RULE 17(c)(2)

Although grand juries possess broad investigatory powers, those powers are not unlimited. Rule 17(c)(2) of the Federal Rules of Criminal Procedure confers discretion on the district court to quash a grand jury subpoena if compliance would be "unreasonable and oppressive." The Ninth Circuit's *per se* rule, which provides that the district court is stripped of its discretion whenever a civil protective order is in place, is irreconcilable with Rule 17(c)(2). (Pet., pp. 25-28.)

The government argues that "nothing" in the decision limits the district court's discretion under Rule 17(c)(2). Rather, the court merely held that "the existence of a protective order alone does not make compliance unreasonable or oppressive." (Opp., pp. 26-27.)

At the time of the Ninth Circuit's decision, the district court had managed the parallel criminal and civil actions for several years, carefully balancing the

parties' right to move forward with litigating the civil cases against the interests of the government in the criminal investigation. As should be evident from the discussion above, this case presents a variety of serious issues. But the Ninth Circuit declined to consider any of them, holding that the district court lacked discretion to do anything other than automatically enforce the law firm subpoenas. The *per se* rule applied by the Ninth Circuit "trench[es] upon legitimate concerns." *In re Grand Jury Subpoena*, 138 F.3d at 445. In the apt words of the First Circuit, "[a]lways bringing overwhelming force to bear may be acceptable military strategy, but the law often requires a more nuanced approach." *Id.*

CONCLUSION

For the reasons set forth in the petition and above, the petition for writ of certiorari should be granted.

Respectfully submitted,

KIRK C. JENKINS
Counsel of Record
SEDGWICK, DETERT, MORAN
& ARNOLD LLP

CHRISTOPHER A. NEDEAU
VERONICA L. HARRIS
NOSSAMAN LLP

Counsel for Petitioners
Nossaman LLP,
AU Optronics Corporation, and
AU Optronics Corporation
America